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Post-War Aviation

By P. G. JOHNSON
President, Boeing Aircraft Co.

The aircraft industry, which has a large responsibility in the prosecution of the war, will have a new kind of responsibility when the war is over. Because of war, this industry has been built up to huge proportions. After the war will come the job of building up the use of peacetime aviation to the point where it can take the fullest possible advantage of the industry's wartime growth.

P. G. Johnson

The "air age" will have to be built, not inherited. It will not come by the mystic dawning of a new era, but only by a concerted program of development of commercial and civilian aviation, which may take a number of years, and by the perfection of new aircraft designs and airways facilities that will

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Illinois Corporate-Municipals

Special material and items of interest with reference to dealer activities in the above State starts on page 2166.

Packard Head Sees Ways To Speed Transition For Post-War Economy

Geo. T. Christopher Says Legal "Paper Work" On Re-Conversion Should Be Handled In Advance To Hasten Production

PLANT CLEARANCE IS PROBLEM

Seven months of experience by the Packard Motor Car Company in planning for peace-time re-conversion while, at the same time, continuing to meet and beat its war production schedules, has made it clear that the transition from a war to a peace economy can be expedited so that post-war employment will be accelerated, Geo. T. Christopher, President and General Manager of Packard, declared while here last week for a press conference at the Hotel Biltmore.

"We want to shorten the interval between all-out war and all-out peace production to provide the quickest possible post-war employment," Mr. Christopher said. "To accomplish this, definite decisions and action relating to the re-conversion period are necessary now on the part of both industry and Government.

Geo. T. Christopher

"Industry must plan its post-war production lines so it will be prepared to move quickly into peace-time manufacturing when it receives the green light. The Government must provide the necessary legal steps to demobilize its war production functions as soon as peace comes."

Mr. Christopher disclosed that he has been discussing the need for legal procedures with various representatives of the Government who have agreed that prompt action, perhaps legislation by Congress, is necessary to insure the rapid demobilization of war plants, machines and war contracts when peace comes.

War Plants Face Two Problems

"Packard's post-war re-conversion planning has been going on since last October without interfering in the slightest with our production of Packard-built Rolls-Royce aircraft engines for Lancaster, Warhawks, Hurricane and Mosquito planes and our production of engines for the United States Navy's famed PT-boats," he said.

"Our five-man post-war planning committee, consisting of motor car production veterans, meets after hours and Saturday afternoons. They have discovered two major problems confronting future re-conversion. These two problems can be broadly classified as 'paper work' and 'actual work.'

"The first of these major problems is the lack of definite legal provisions that will enable us to reconvert our war plants. These plants were laid out, and highly-specialized equipment installed,

(Continued on page 2169)

Can The United States Support A 300 Billion Dollar Debt?

Can, and will, the gigantic post-war Federal debt be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly or indirectly, in whole or in part? Dr. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to supply an answer to this question of primary concern to the entire nation and, at the same time, discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution of the problem, in an extremely timely article, bearing the above caption, which appeared in the "Chronicle" of May 13.

In line with its suggestion, the "Chronicle" received various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Some of these letters were given in previous issues and others are given herewith:

WILLIAM K. PATON
President, Farmers Bank of the State of Delaware, Dover, Delaware

I was much interested in reading the article by Dr. Olin Glenn Saxon, Professor of Economics at Yale University, on the question of our being able to support a national debt in the neighborhood of three hundred billion dollars. His approach to the subject makes sense to me.

William K. Paton

Personally, I feel that our people must be educated to the realization of having a permanent national debt of some size. In place of, or perhaps in addition to, their usual savings accounts, our citizens generally must be sold on the idea of investing continually in United States Treasury Bonds as the years go on, very much as the British and French were formerly accustomed to Consols and Rentes. To expect a budget which each year will include some amortization of our outstanding debt may place too heavy a tax burden on our economy. We will have to look to prosperous years with a budgetary surplus with which to gain reductions.

NORMAN C. NORMAN
New York

I have just read the article written by Dr. O. Glenn Saxon "Can the United States Support a 300 Billion Dollar Debt."

It is indeed very interesting and

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INDEX

Gov. Bricker Hails Two Party System As Guardian Of Liberty And Free Government

The prelude to the destruction of any free government is the destruction of the party system, Governor John W. Bricker of Ohio declared, speaking before the Republican Women's Clubs of Missouri. Scoring the bureaucratic system of government, he said there is no place in America for secret understandings.

"Where there is open debate," Governor Bricker stated, "where there is competition upon issues for the votes of the people there is no need for alarm. But when we become a one-party government, when no one lifts his voice in opposition, then the liberty of America will be dead. I congratulate you upon the great gains made in the last election, and upon the solid delegation which you sent to the lower house of the Congress. You join Ohio in our honor of having the largest Republican delegation in Congress of any state of the Union.


John W. Bricker

War knows no party lines. Republicans and Democrats fight and suffer and die. In war-time, leadership of both parties should be used by any administration to the full limit of their capacity to serve. There are some who believe and even say that in war reckless expenditures, unsound business principles, political manipulation and unsound financing are the rule. I say to you that in war, government ought to be even more efficient. The best men should be utilized in every instance. Money should be more carefully spent. Labor should diligently work. The amazing production of American business and labor in this war is a bright spot. There have been some stoppages of work. These should cease. Nevertheless, business and labor have responded in a magnificent way.

We should not let our judgment be clouded by the apparent and, I grant you, all too many flagrant abuses; but there is a grave need

(Continued on page 2174)

De La Chapelle Pres. of Bond Club of N. Y.

Richard de La Chapelle of Shields & Company, was elected president of the Bond Club of New York at its annual meeting held June 9 at the Bankers Club. He succeeds Albert H. Gordon, of Kidder, Peabody & Co.

The new president of the Bond Club has been in the investment business since shortly after the previous World War and is a member of the firm of Shields & Company.

Henry G. Riter, 3rd, of Riter & Co., was elected vice-president of the club, filling the post held by Mr. de La Chapelle during the past year. Other officers elected at the meeting were W. Fenton Johnston, of Smith, Barney & Co., secretary, and Walter W. Wilson, of Morgan Stanley & Co., treasurer.

Three members were elected to the Board of Governors for three-year terms. They are: T. Jerrold Bryce of Clark, Dodge & Co., Frederic H. Brandi of Dillon, Read & Co., and Henry C. Brunie of the Empire Trust Co.

James Coggeshall, Jr., of The First Boston Corp., was elected a governor to serve the unexpired term of George D. Woods.

Governors whose terms carry over are: Harry W. Beebe of Harriman Ripley & Co., Inc., Eugene R. Black of The Chase National Bank, Joseph A. W. Iglehart of W. E. Hutton & Co., Joseph H. King of Union Securities Corp., and Lee M. Limbert of Blyth & Co., Inc.

Hoover Urges Reorganization Of Food System—Offers Nine-Point Program To Clear Up 'Muddle'

Former President Herbert Hoover on June 8 called for reorganization of the nation's food system in order to win victory and secure the peace.

In an address delivered before the American Farm Bureau Federation at New York City, Mr. Hoover offered a nine-point program "to clear up this muddle of uncontrolled food prices, local famines, profiteering, black markets and stifled farm production." He said the only course "is to abandon the obsolete methods now in use which were proved a failure in other nations, in the last war, or are copied from the British, whose situation is wholly different from ours." Mr. Hoover declared that "remedy for the 1943 harvest is now too late, as the planting is mostly done," but he said there is still time to redeem the situation if "drastic changes in national policies" are made to build up the harvest for 1944.

The text of Mr. Hoover's address follows, according to the New York "Herald Tribune":

I propose tonight to make a checkup on where we have got to on the food front.

I propose to explore what happened during the 1942 food year.

I shall then examine the prospects before us for the 1943 food year.

I shall from this experience and the world need state our problem.

And I will make some recommendations for the future.

The strategy of the food front is second only to the military front in winning total war. It is of more importance than the military front in establishing peace. Total wars can be lost on the food front. Failure to recognize the importance of the food front has lost wars before now.

Through the glorious courage and ability of our Army and Navy we are making progress against a most cruel and mighty enemy. We grow stronger on the military front. We must now build up the food front. It should be reorganized again. Our job is not de-

(Continued on page 2176)

STANY Ambulance Fund Drive Progresses

Results of the first week of the campaign of the Security Traders Association of New York to raise funds to purchase ambulances for the United States Armed Forces has proved quite gratifying according to the report from the committee. Contributions should be made to members of the committee, checks made payable to the Security Traders of New York Ambulance Fund.

Contributors to Date

Samuel Goldschmidt
Frasier, Free & Co.
Edwin F. Peet
Charles W. Goodeve
Goodbody and Co.
F. B. Ashplant & Co.
Gordon Saunders Co.
H. H. Egly
F. Taylor Root
Hornblower & Weeks
William A. Rosshandler
Franklin and Co.

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Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Simons, Linburn & Co. upon request.

Pell & Co. To Admit

Pell & Co., 14 Wall St., New York City, members of the New York Stock and Curb Exchanges, will admit Miss May Moore to partnership in the firm as of June 17.

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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

DEALER BRIEFS

Easton, Pa.

Business has had a remarkable pick-up since the first of the year. Confidence seems to be returning, but idle money is seeking seasoned securities. Inquiries denote a continuance of good business for an indefinite period ahead.—*LeRoy H. Snyder, LeRoy H. Snyder & Co.*

Shea & Co. Opens; Jas. Lynch Associated

BOSTON, MASS. — Announcement is made of the opening, effective June 14, of Shea & Co., which will engage in a securities business from offices at 31 State Street. Principal of the firm is John L. Shea, and associated with him will be James J. Lynch.

Mr. Shea was formerly an officer of Sears Corp. and its predecessor, Sears & Co., Inc., for many years. Mr. Lynch was with the Sears Corp., and prior thereto was in the trading department of R. F. Marshall & Co. In the past he was a partner in the firm of H. D. Knox & Co.

Formation of Shea & Co. was previously reported in the "Financial Chronicle" of June 3.

OUR REPORTER'S REPORT

Bullish activity in secondary and speculative railroad obligations was tempered considerably in the course of the past week and sufficient selling developed in spots to turn the average prices of such issues down to the levels of almost a month ago.

Speculators who have been active in that section of the market, and it has been the backbone of the turnover in listed bonds, revealed evidence of considerable confusion and when a smart trader finds himself in that state he proceeds to shorten sail.

It is widely recognized that the present prosperous state of the carriers in general is not the result of the waving of any magic wand, but rather a direct outcome of vast war-created traffic.

Consequently all the talk of impending collapse of Italy, and speeding up of preparations for Allied invasion of the European continent have been interpreted as signalling the beginning of the end for the Axis, at least in that part of the world.

Rather liberal selling which came into the rail bond list, however, seems to some observers to suggest quite hasty jumping to conclusions, even though it is recognized that the cards are being stacked rapidly against our enemies.

Yet even should the war be terminated suddenly, it is argued, the vast job of world-wide rehabilitation might be expected to keep the railroads busy for some time in the future transporting the goods of peace.

But as one commentator put it, the speculator has not changed and still leans to the short-term view, perhaps in the hope of catching another turn when more sober judgment takes hold.

80% For Banks

When the Treasury offers its new $2,500,000,000 loan around the end of the month, banks will be limited, in their subscriptions, to 80% of the total, or $2,000,000,000.

Details of the new issue will
(Continued on page 2174)

The Future Of The Oil Industry

At the annual meeting of stockholders held last week, Ralph W. Gallagher, President of the Standard Oil Co. of New Jersey, made the following remarks regarding the peace time prospects for the oil industry:

"Along with day-to-day effort to win this war, we are giving a great deal of thought to the post-war world. We are all interested in trying to foresee what the world after this war holds for the oil industry and for this company.

"In the 25 years since World War I, transportation in the United States has been revolutionized. Automobile registrations have increased more than 500%. Consumption of motor fuel has increased more 600%. Before rationing this country was consuming the tremendous total of 500,000,000 barrels of gasoline each year.

R. W. Gallagher

"They tell us that the automobile of the future will run better on less fuel. But there will be a much wider use of automobiles. Cars will be more comfortable, easier and cheaper to operate. They will use super-highways fed by new secondary roads—roads which will use newly developed petroleum asphalt products. Cars equipped with two-way radio, air conditioning, portable refrigeration and similar features will be a constant inducement to owners toward greatly expanded use of the automobile for pleasure and travel.

"But the future of the oil industry is not dependent alone upon the automobile. New fields of transportation are being opened up which will depend heavily on oil products.

"Before the war, airplanes were relatively small customers. The stimulus which the war has given to aircraft will show itself in post-war development. It is currently estimated that passenger travel by air immediately after the war will be 10 times what it was when the
(Continued on page 2177)

Industrial Production Nearing Its Peak?

It is now obvious that the pace of the rise in industrial production, as measured by the Federal Reserve Index of Industrial production (seasonally-adjusted) has definitely slowed. From January to April this year the gain was only from 199 to 203, and May is probably only a point or two higher. Furthermore, the Federal Reserve statisticians have recently been tending to lower their final figures from the preliminaries and estimates.

It is true that the January-April rise last year was only from 171 to 173, and that the Index later that year rose rapidly, reaching 197 in December. But surrounding conditions are now different, and the peak of production likely to be attained (which might be in the 210-220 area) is not very far above present levels. Moreover the rise in industrial production has now persisted for about five years without a major setback.

The chief limiting factor is the labor supply. With the armed forces still expanding, and with the necessity for maintaining food production, it is difficult to increase the industrial labor force.

Another factor is that conversion to war production has gone about as far as it can, with some two-thirds of production along war lines. And in some types of war materials, production is sufficient or even more than sufficient, so that large contracts for some war equipment (tanks, for example) are being canceled.

Of course, these contracts will be replaced, from the over-all standpoint, by contracts for other types of war equipment which are still in insufficient supply. Any slack will undoubtedly be taken up by allowing larger civilian production in important lines with shortages.

In a normal economic cycle, indications that industrial production was nearing its peak would be highly significant, as it would indicate the approaching culmination of the cycle, and once a decline set in, it would usually be considerable and probably rather rapid.

But, should it prove correct that industrial production is now near its peak in volume, no such sequence is likely, at least while
(Continued on page 2177)

New England Public Serv. Situation Attractive

The current situation in New England Public Service Co. has interesting possibilities, according to a circular prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Copies of this circular may be obtained from Ira Haupt & Co. upon request.

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Co.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Real Estate Securities

Prospects Appear Bright For Holders Of New York Title And Mortgage Co. Certificates

PURCHASES AT PRESENT LEVELS OFFER PROFIT POSSIBILITIES

The increased activity in the real estate market should have the effect of creating opportunities for the liquidation of real estate assets held by the Trustees of various certificated issues such as New York Title BK, F-1, C-2 and Q at more advantageous prices than for many years.

The sound belief that the purchase of real estate as an inflationary hedge has, we believe, been in part responsible for the increase in open-market sales of Manhattan real estate. During the first four months of this year the total number of sales reached a higher point than for any similar period in any year covered by Real Estate Board statistics, and the dollar volume of trading higher than any except that of 1937.

Most of the properties held in these trusts, which the trustees are charged by the court to liquidate, show an attractive net income on the trust's cost (in most cases the amount of the foreclosed mortgage) and upon analysis should be sound purchases for the real estate investor.

While no accurate estimate can be made as to the amount certificate holders will receive in final liquidation of these various New York Title and Mortgage Co. trusts, it is generally conceded that some figure between 75% and 85% is reasonable and in some cases as high as 100%. A recent sale of a property by the trustees of series C-2, with income insufficient to cover operating expenses and taxes, in fact was a drain on the trust for about $5,000 a year, was sold for all cash at about 60% of cost. It seems reasonable to assume that if such an asset can be disposed of at such a figure, other properties showing substantial earnings can be liquidated at a much higher ratio to cost. Even this sale at 60% of cost in relation to current market of series C-2 of around 38½ is an indication of how the security is underpriced at present levels. An analysis of the real estate assets of the various trusts shows very few properties that do not carry fixed charges. Other recent sales show liquidations at 100% and better than 90%. The generally conceded 75% to 85% final liquidation estimate under these circumstances appears conservative. As present market levels of the various series are considerably below this estimated ratio prospects seem bright for appreciation.

* * *

Acceptance of Certificates in Part Payment on Sales

At the time these trusts were created and jurisdiction retained by the New York Supreme Court, Justice Alfred Frankenthaler considered proposals for sale of assets in which payment would be made to the trusts in part cash, part purchase-money mortgage and part certificates which the purchaser of the property would acquire in the open market. This procedure seemed practical as it created an active market for the benefit of the certificate holders and actually worked to the advantage of the trust estate in that it raised the ratio of liquidation to cost. In fact, the following example shows how this procedure resulted in a "Net Asset Gain to the Trust Estate" of $127,600.02:

Cost of assets liquidated (plus brokerage)	$2,589,910.09
Rec'd by the trust in payment:	
Cash	1,333,855.00
New mortgages	829,100.00
Certificates in part payment	*554,555.11
	$2,717,510.11
Net asset gain to trust	127,600.02

*Actually the loss on the sale of the properties was $426,955.09, but due to the fact that the trust's liability was reduced by the acceptance of these certificates the net asset gain resulted.

Successors to Justice Frankenthaler upon his death did not allow this procedure to be followed with the result that the liquidation problems of the trustees in maintaining a high ratio to cost became a little more difficult.

Recently a new Justice has assumed jurisdiction over all reorganized certificated issues. The information coming to this column is that trustees of various issues intend to submit to the court for consideration certain proposals for sale which will involve acceptance of certificates as part payment. The recent market activity in these securities would seem to indicate that such proposals will at least be considered with an open mind from the most practical viewpoint.

At present market levels, it seems logical for original purchasers to average cost and to investors to consider purchases as an inflation hedge and for attractive yield and appreciation.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Last week's bear signals intensified last few days. Labor troubles not a cause but an effect. Keep trading house in order and prepare for storms.

The latter part of last week saw the stock market advancing again. The leaders in this move were the old line favorites Chrysler and General Motors. But while their advance was gratifying to see it is not generally known that they started up not on so-called good buying but by shorts getting out over the week-end.

* * *

There is the possibility, of course, that such a short "run in" can be the spark to set off a general advance. But that possibility was eliminated by the subsequent action of not only the two stocks mentioned above but the rest of the market in the past two days.

* * *

On June 5th the Dow averages closed on their highs, or close to them, 143.08. A high close for Saturday is often indicative of at least two to three more days of strength. But the next trading day, Monday, they opened at 142.92, reacted to 141.50 and finally closed at 141.82. But if the industrials closed well on Saturday the rails acted exactly opposite. I won't bore you with figures. If you're interested you can check the comparative action of the rails as against the industrials by examining various records. What I'm interested in is conclusions. Here is one conclusion.

* * *

A market which closes well at the end of the week but

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Albert D. Beliveau** has joined the statistical department of **R. M. Horner Co.**, 30 Broad Street.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**Ralph Edison Randall** has been added to the staff of **Thomson & McKinnon**, Johnston Building. In the past Mr. Randall was with E. A. Pierce & Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio.—**D. B. Chapman** has become associated with **Hawley, Shepard & Co.**, Union Commerce Building. Mr. Chapman in the past was with Field, Richards & Co., Braun, Bosworth & Co., and Johnson, Kase & Co.

(Special to The Financial Chronicle)

DENVER, Colo.—**Cortland S. Dines** is now with **Merrill Lynch, Pierce, Fenner & Beanne**, First National Bank Building.

(Special to The Financial Chronicle)

DETROIT, Mich. — **MacKenzie C. Baird** has become affiliated with **Mercier, McDowell & Dolphyn**, Buhl Building. Mr. Baird was formerly with C. G. McDonald & Co. In the past he was secretary of M. L. Pardee & Co.

(Special to The Financial Chronicle)

MIAMI, Fla.—**Mrs. Frances S. Huey** has joined the staff of **Corrigan & Co., Inc.**, Security Building.

(Special to The Financial Chronicle)

PORTLAND, Maine.—**Charles E. Files** is now with **White, Weld & Co.**, 111 Devonshire Street, Boston, Mass. Mr. Files was previously with H. C. Wainwright & Co. and the Portland office of Townsend, Anthony & Tyson. In the past he represented Edward B. Smith & Co. in Maine.

M. Carter Gunn Is Now C. F. Cassell Partner

CHARLOTTESVILLE, VA.—M. Carter Gunn, formerly connected with Scott, Horner & Mason of Lynchburg, Va., has been admitted to general partnership in C. F. Cassell & Co., 112 Second St., N. E. Mr. Gunn has been in the investment business for the last eight years and has specialized in handling Virginia municipal bonds.

Peterson Now In N. Y. C.

Peterson & Company is now doing business from offices at 52 William Street, New York City. The firm was previously engaged in the investment business in Passaic, N. J. Partners are Carl O. Peterson and A. M. Johnson.

Announce Change of Name

Corrigan, Miller & Company, Inc., Security Building, Miami, Fla. announce a change of corporate name of Corrigan & Company, Incorporated.

Railroad Securities

The long-awaited Special Master's reorganization plan for Seaboard Air Line was handed to the federal district court in draft form last week. Hearings will be held on June 16 at which time objections and suggestions as to the treatment proposed for the various liens will be received. Although the Special Master had consulted at great length with committees representing bondholders' groups prior to setting up his draft report, it is generally expected that there will be many serious objections to the treatment accorded. Many rail men visualize important changes before any definite final plan can be set up.

The general disappointment with the proposal was evident in price declines throughout practically the entire Seaboard list. This was particularly true of some divisionals secured on strategic lines with good freight volume which did not even receive new junior securities sufficient to satisfy their full claims. There was also considerable surprise that the formula used resulted in the claims of some of the best divisionals being settled by far more than 100% in face or stated value in new securities. In some quarters this is construed as designed to meet the "qualitative or quantitative" question brought up in the Supreme Court decision in the St. Paul case. Be that as it may, such treatment will almost certainly be under fire from other security holders who bear the brunt of the necessary sacrifices.

The weakness that developed in Seaboard Air Line bonds is apparently based on the assumption that at least the over-all treatment recommended by the Special Master is the best that can be expected. This viewpoint fails to give any recognition at all to the strong cash position the road has already built up and the certainty that this will be further materially bolstered before any plan could be consummated. Press reports covering the draft ignored the factor of cash and this apparently led to an assumption on the part of many speculators and investors that the Special Master had himself ignored the question of utilization of cash and that the cash would have no influence on the reorganization or on the allocation of new securities. This is a false promise.

One weakness of ICC reorganization plans under Section 77, particularly the earlier ones, has been their inflexibility with respect to the use of large cash balances that have been built up. This has been typified by refusal of the courts to allow Western Pacific, North Western, and Missouri Pacific to pay off senior claims in cash. Such payments would obviously have allowed correspondingly more liberal allocations to the remaining bond holders, but they would just as certainly have resulted in automatic upsetting of the respective plans.

This inflexibility was also highlighted by the District Court's remanding of the Rock Island plan to the Commission for reconsideration. In the Rock Island plan there were $11,000,000 of new 1st Mortgage bonds provided for cash which was needed at the time the plan was set up but which would now be superfluous. The way the plan was drawn the new financing could not be eliminated and the $11,000,000 of bonds distributed to the bondholders. This factor was one of the major reasons for remanding the proceeding to the ICC.

That Special Master Taylor is alive to the possibility of some similar development in the Seaboard reorganization seems obvious from his remarks (Section XVI—Subsection 3) that "In the event of purchase, between the time of the filing of this report and the Effective Date of the Plan, of any outstanding securities for which provision is herein made, the securities of the New Company thereby released for distribution to the others will be allocated in accordance with the principles governing the secondary allocations herein set out. * * *"

It has been estimated that by the end of this year, not allowing for any interim bond retirements, Seaboard will have at least $50,000,000 and perhaps as much as $60,000,000 in cash or equivalent. On such a basis there should be between $30,000,000 and $40,000,000 available for debt retirement. Retirement of the remaining Receivers' Certificates, the Carolina Central 4s, and the Florida, Central & Peninsula 5s (aggregate face value outstanding with the public $19,242,000) would appear as quite feasible. In the plan these three issues are allocated a total of $13,284,000 of new 1st Mortgage bonds, in addition to junior securities and, in the case of the Receivers' Certificates cash.

The purchase of these three obligations in their entirely would, therefore, presumably release the $13,284,000 new 1st Mortgage bonds for allocation to other bondholders in accordance with the orginal formula. The implications are obvious when it is considered that there other bondholders are now allocated a total of only $19,200,000 of new 1st Mortgage under the plan. Debt retirement might go even further than the events suggested above with a further material strengthening of the other remaining outstanding bonds. With this background it seems obvious that the recent pessimism over most Seaboard bonds is not justified.

Chicago Brevities

The reorganization of the war financing program effected by the Treasury Department was a lively topic of conversation in La Salle Street quarters last week. While official statements of opinion by commercial and investment bankers were lacking, it was quite definite that financial men generally found the move objectionable. The undercurrent of feeling was that the federal reserve banks were being relegated to a secondary position in future major war financing drives, and that the Victory Fund Committees, staffed by commercial and investment bankers, were being virtually sidetracked.

The focal point of criticism centered on the merger of the War Savings Staff and the Victory Fund organization into a new unit, known as the War Finance Committee. The new group has been set up along state lines, as was the War Savings Staff, with a chairman in each state. These chairmen will report directly to the Treasury Department. Announcement was made late last week of the heads of the new committee for Illinois. These appointments went to men that formerly headed the War Savings Staff in the state.

Harold W. Swift, vice-chairman of the board of Swift & Co. was named chairman of the new committee in Illinois. Norman B. Collins was named executive vice chairman, and Renslow P. Sherer was appointed executive Manager. Previously, Mr. Swift was chairman of the War Savings Staff in Illinois. Mr. Collins was administrator of this group, and Mr. Sherer served as assistant to Mr. Collins.

Points of Criticism

Persons aroused over the reorganization of the war financing set-up pointed out that the Treasury in the December Victory Loan Drive asked for $9,000,000,000 in subscriptions and actually obtained nearly $13,000,000,000. Moreover, they asserted that the Treasury asked for $13,000,000,000 in the Second War Loan Drive of April and received $18,500,000,000. Now, instead of the groups chiefly responsible for the success of these drives being given credit for a job well done, the major role in future war financing drives is to be placed in other hands. The federal reserve banks spearheaded the April drive, and the Victory Fund organization played a prominent role in both the December and April money raising campaigns.

Under the reorganization, the War Finance Committee will handle the sale of Treasury securities in war financing drives to the public, and the federal reserve banks will confine their efforts to obtaining subscriptions from commercial banks, government bond dealers, and insurance companies.

One point appeared definite, however. This was that financial men, notwithstanding their feelings about the reorganization, would exert full efforts to make the third war loan drive a complete success. This drive is scheduled to get under way shortly after the middle of September. About the only comment leading financial men would make, when rumblings of discontent with the reorganization first were heard, was that the third war loan of the Treasury must be made a success.

Jay N. Whipple, president of the Investment Bankers Association of America has promised Mr. Swift the full cooperation of the association. Mr. Whipple, who served as chairman for the Second War Loan Drive in Metropolitan Chicago, was in New York at the time a meeting was held there for the purpose of outlining plans for the War Finance Committee of Illinois. Mr. Swift's appointment was announced following the New York meeting.

Morgenthau at Meeting

Henry Morgenthau, Jr., Secretary of the Treasury, attended the New York meeting. Also attending were representatives of the old War Savings Staff of Illinois and representatives of the Victory Fund Committee for the seventh (Chicago) federal reserve district. Herbert E. Gaston, Theodore R. Gamble, and George Buffington, assistant secretaries of the Treasury, also were present. The meeting originally was scheduled to be held in Chicago, but it was switched to New York.

Representatives of the old War Savings Staff of Illinois at the meetings were Messrs. Swift, Collins, and Sherer. C. S. Young, president of the Federal Reserve Bank of Chicago, and F. F. Patton, executive manager of the Victory Fund Committee for the seventh federal reserve district, represented the Victory Fund organization.

When announcement was made of his appointment, Mr. Swift said the merger of the War Savings Staff and the Victory Fund organization was "a recognition of the value of both organizations working as a unit." He added that he hoped to announce shortly the organization of the merged groups for the successful operation of war financing in Illinois.

TRACTION CASE

Chicago's ever-present traction case crept into the limelight again last week. Prentiss M. Brown, head of the Office of Price Administration, in a seathing rebuke of the Illinois Commerce Commission, demanded that the regulating body rescind a recent order authorizing a permanent fare of 8 cents on the Chicago Surface (street car) Lines. He urged a reversion to the previous rate of 7 cents or, as an alternative, a fare of 7½ cents.

At the same time, the City of Chicago and the Chicago Transit Co. filed separate, although similar petitions, asking the commission to set aside its order of May 3, which rejected a plan to unify the Chicago Surface Lines and the Chicago Rapid Transit (elevated lines) Company. The city also filed another petition requesting the state body to vacate its order making the 8-cent street car permanent, and asked for a rehearing on this matter.

The Chicago Transit Co. is a new company that has been set up to operate both the street car and elevated lines under the unification plan, which the commission rejected.

The OPA in its petition charged that it was denied a full and fair hearing on the question of the street car fare. Prior to April 20, 1942, a 7-cent fare was charged on the street cars. The commission authorized the street car company to place an 8-cent fare into effect on a temporary basis and, in conjunction with its ruling on the unification plan last month, made this fare permanent.

The petitions of the city and the Chicago Transit Co. relative to the unification plan asked for an opportunity to produce additional evidence on the desirability and practicability of the proposal. The city expressed opposition to the order making the 8-cent fare permanent, because the commission had not specifically required the street car company to make corresponding improvements in service.

"This unification, which makes possible improvements in service, was denied by the commission, while in the concurrent order entered on the same day a very substantial increase from 7 to 8 cents, was ordered as the permanent rate of fare," the city's petition said.

MUNICIPAL BONDS

Comments continued to be heard last week on the current strength of the municipal bond market, which has shown a steady rise to higher ground for nearly two months. Local dealers remarked that they had made further markups in prices on bonds on their lists. The consensus appeared to be that the market as a whole probably did not move higher last week, but the markups made did serve to indicate that the broad upward movement had not been entirely arrested.

The problem that many local dealers are experiencing these days is one of maintaining the inventory position they would like. Every time a block of bonds is sold from their lists, they experience the problem of how to replace this inventory. Many of the markups in prices that have occurred recently is the result of dealers buying bonds from other houses to build up their inventories somewhat. Yet, even at these higher quotations, the securities involved have been in demand.

Geo. B. Brunton With Daniel F. Rice & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—George B. Brunton, member of the Chicago Board of Trade, has become associated with Daniel F. Rice & Co., 141 West Jackson Boulevard, members of the New York Stock Exchange.

IBA Pledges Support To War Bond Drive

Jay N. Whipple, President of the Investment Bankers Association of America, pledged "intensification" of the investment bankers' activities in support of the Treasury's war financing at the close of the regular spring meeting of the Association's Board of Governors. His announcement followed a forum on war finance at which Henry Morgenthau, Jr., Secretary of the Treasury, discussed plans for future drives with the securities men.

Jay N. Whipple

The IBA has had a clear cut policy of complete cooperation with the Treasury in financing the war since before Pearl Habor, said Mr. Whipple who is a partner of the Chicago investment house of Bacon, Whipple & Co.

"In spite of the fact that more than 2,500 of our partners and associates are now in the armed services of our country, those of us who are still left in the investment banking field are fulfilling the promise of cooperation which we pledged in our convention two days before our country entered the war," he said. "I know I speak for every member of our association in pledging not only the continuance but the intensification of these activities."

He added that the primary purpose of the meeting had been to discuss and plan the part investment bankers can take in future war financing. In addition, preliminary reports of plans for a study of investment banking's part in the post-war were made at the meeting by committees working in the fields of industrial, railroad, public utility and municipal finance.

These studies are being directed by the following men:

Percy M. Stewart, Kuhn, Loeb & Co., New York, chairman of the Industrial Securities Committee; Albert T. Armitage, Coffin & Burr, Boston, chairman of the Public Service Securities Committee; John S. Loomis, Illinois Company of Chicago, chairman of the Railroad Securities Committee; and H. Fred Hagemann, Jr., Boatmen's National Bank, St. Louis, chairman of the Municipal Securities Corporation.

Edw. Curran Dead

Edward F. Curran, Treasurer of A. G. Becker & Co., Inc., 120 South La Salle St., Chicago, Ill., died recently after a brief illness. Mr. Curran's entire business career had been spent with A. G. Becker & Co., whose employ he entered in 1906 as an office boy. For the last several years he served as Treasurer.

Hornblower & Weeks Add G. D. McCracken

(Special to The Financial Chronicle)

CHICAGO, ILL.—Gordon D. McCracken has become associated with Farwell, Chapman & Co., 208 South La Salle St., members of the New York and Chicago Stock Exchanges. Mr. McCracken was formerly associated with Hornblower & Weeks for many years.

Harry Payne Elected Chairman Of Board Of Governors Of Chicago Stock Exchange

CHICAGO, ILL.—Harry M. Payne, partner of Webster, Marsh & Co., was elected Chairman of the Board of Governors of the Chicago Stock Exchange, at the Annual Election of the Exchange, succeeding Arthur M. Betts who has served five consecutive terms.

Joseph E. Dempsey, Dempsey-Detmer & Co.; F. Fletcher Garlock, F. S. Moseley & Co.; and Charles R. Perrigo, Hornblower & Weeks were reelected members of the Board to serve three years.

Harry M. Payne

Arthur M. Betts, former Chairman of the Board, Alfred L. Baker & Co.; John W. Billings, Sadler & Co.; Frederick J. Stannard; Barrett Wendell, Lee Higginson Corp.; and Edwin T. Wood were elected members of the Board to serve three years; Elmer A. Kurzka, Fred W. Fairman & Co. was elected to a two-year term, and John R. Burdick, Jr. was elected to a one-year term. They succeed Messrs. Walter J. Buhler; M. Ralph Cleary, Cleary & Co.; Thomas E. Hosty, Sincere & Co.; Harry M. Payne; Richard W. Phillips; Sampson Rogers, Jr., McMaster, Hutchinson & Co.; and R. Arthur Wood.

Paul B. Skinner, of Hornblower & Weeks, was elected Chairman of the 1944 Nominating Committee and Messrs. Leo M. Apgar, Apgar, Daniels & Co.; William A. Fuller, William A. Fuller & Co.; John J. Griffin and Henry L. Vehmeyer were elected members of the Committee.

Platin With Link, Gorman

(Special to The Financial Chronicle)

CHICAGO, ILL.—Sven V. Platin has become affiliated with Link, Gorman & Co., Inc., 208 South La Salle St. Mr. Platin was previous connected with Joseph F. Dixon & Co., Thompson Ross Securities Co., and Dempsey-Detmer & Co.

Withdraws As Partner

J. Carney Howell retired from partnership in McMaster Hutchinson & Co., 105 South La Salle St., members of the Chicago Stock Exchange, as of May 31.

McInerney Rejoins Fairman

CHICAGO, ILL.—E. J. McInerney, sales manager of Fred W. Fairman & Co., 208 South La Salle Street, members of the Chicago Stock Exchange, who was on leave of absence wth the Alien Property Custodian, has rejoined the firm.

With Negley, Jens & Rowe

(Special to The Financial Chronicle)

PEORIA, ILL.—Harold M. Roe has become associated with Negley, Jens & Rowe, Jefferson Building. Mr. Roe was formerly district agent for United Securities Company of Missouri.

Cgo. Bond Traders Club Members In Services

The following members of the Bond Traders Club of Chicago are in the armed forces:

Sgt. Richard J. Aldworth, Salomon Bros. & Hutzler; Pvt. Joseph G. Ballisch, A. C. Allyn & Co.; Pvt. N. B. Baum, Selected Investments Co.; Lt. K. S. Beall, killed in line of duty, Cruttenden & Co.; Lt. George Fabian Brewer, Lazard Freres & Co.; Corp. Frank Buller, Hickey & Co.; Sgt. James J. Callan, Riter & Co.; Major John W. Clarke, John W. Clarke, Inc.; RT 2 James E. Czarnecki, Harris, Hall & Co.; Lt. Richard Cooley, Thomson & McKinnon; Corp. Walter E. Cooney, Fred W. Fairman & Co.; Lt. J. Smith Ferebee, Chicago; Ensign John H. Fyfe, Harris, Hall & Co.; Richard H. Goodman, Cohu & Torrey, New York; Lt. Wm. A. Grigsby, John Nuveen & Co.; Pvt. Charles Hofer, Ernst & Co.; Petty Officer Henry Jensen, Blair Securities Corp.; Lt. Fred F. Johnson, Brown, Bennett & Johnson; Pvt. Hugh Kearns, Doyle, O'Connor & Co.; Lt. W. W. Leahy, Francoeur, Moran & Co.; Sgt. Ed. Liening, Valiquet & Co.; Sgt. Donald R. Muller, Harris, Upham & Co.; Lt. Paul M. Ohnemus, Enyart, Van Camp & Co.; Sgt. Arthur Sacco, Alexander & Co.; Pvt. George R. Torrey, Kebbon, McCormick & Co.; Pvt. Richard J. Wallace, Remer, Mitchell & Reitzel; Pvt. Thomas D. Walsh, Doyle, O'Connor & Co.; Pvt. Raymond C. Wauchop, Doyle, O'Connor & Co.; Pvt. Chapin N. Wright, Fred E. Busbey & Co.; Lt. Burnham Yates, Weeden & Co.

Chicago Bond Traders To Hold Summer Outing

CHICAGO, ILL. — The Bond Traders Club of Chicago announces that its annual golf and summer outing will be held on Saturday, June 19, at the Mohawk Country Club (Bensenville, Ill.). Features of the outing will be golf, baseball, tennis, horseshoe pitching and bridge.

Peter J. Conlan, of Hornblower & Weeks, is Chairman of the Program Committee, assisted by Thomas R. Montgomery of Glore, Forgan & Co.; Charles G. Scheuer of Valiquet & Co.; Charles Enyart of Enyart, Van Camp & Co.; Gilbert E. Egbert of McMaster, Hutchinson & Co.

Officers of the club are: Richard W. Simmons of Lee Higginson Corporation, President; James H. Murphy of Cruttenden & Co., Vice President; Loren A. Cochran of Glore, Forgan & Co., Secretary, and F. Girard Schoettler of Wayne Hummer & Co., Treasurer.

Thirty members of the Bond Traders Club are now in the armed services.

Chicago Recommendations

Brailsford & Co., 208 So. La Salle Street, have recent figures on **Jacobs Aircraft Engine Co.**, Common, **Leece-Neville Co.**, Common, and **Vinco Corp.** Common. On request.

* * *

Doyle, O'Connor & Co., 135 So. La Salle Street, have prepared recent figures on **Peoples Light & Power Co.** Preferred Stock, and will send same on request.

* * *

Farroll Bros., 208 So. La Salle Street, have prepared complete data on new 4s of '91 of **Ft. Dodge, Des Moines & So. Ry.** and a new comprehensive circular on **Standard Silica Corp.** These are available for the asking.

* * *

Kneeland & Co., Board of Trade Building, will furnish late figures on **Globe American Corp.** Common, **Consolidated Gas Utilities**, Common, and **North Shore Gas Co.**, Common.

* * *

John J. O'Brien & Co., 231 So. La Salle Street, will send on request late figures on **Braniff Airways, Inc.**

* * *

Straus Securities Co., 135 So. La Salle Street, have prepared recent analyses on **Palace Travel Coach Corp.**, Common, **American States Utilities Corp.**, Preferred and Common, and **Foote Bros. Gear & Machine Corp.** Sent on request.

* * *

Caswell & Co., 120 South La Salle Street, have prepared interesting memoranda on **Hammond Instrument Co.** and **Western Grocer**, copies of which may be obtained from the firm upon request.

* * *

Enyart, Van Camp & Co., 100 West Monroe Street, will furnish quotations on **Chicago and Suburban Bank Stocks** on request.

William A. Fuller & Co., 209 South La Salle Street, will supply upon request late information on **Durez Plastics & Chemicals, Inc.**

* * *

Straus Securities Company, 135 South La Salle Street, will send upon request copies of a detailed memorandum on the collateral trust sinking fund 5% gold bonds of the **Chicago City and Connecting Railways.**

* * *

Zippin & Company, 208 South La Salle Street, will furnish on request late data on **Foreign Securities**, including bonds, stocks, coupons, and scrip.

* * *

Thomson & McKinnon's current **Weekly Review** has some interesting statistics with reference to **railroad earnings.** This issue is correlated with their **Weekly Bond Review**, which devotes considerable space to the **Atchison Bond Retirement, the St. Paul Plan** and **Rail Wage Increases.** Recognizing the growing public interest in the subject, they have also just issued a special release on the **Plastic industry**, pointing out the tremendous long-range growth possibilities and discussing leaders in this field.

Copies of any or all of these reviews may be obtained free for the asking, by communicating with **Thomson & McKinnon's Statistical Library**, 231 South La Salle St., Chicago, Ill.

Life Insur. Payments Down 10% In April

Total payments to American families by the life insurance companies of the country totaled $205,253,000 in April, compared with $227,512,000 in the same month of last year, it was reported June 10 by the Institute of Life Insurance. The 10% decrease, the Institute reports, is due in large part to the very sharp decrease in emergency calls for policy cash values, these being $26,630,000 in April, 39% less than in April a year ago.

For the first four months of the year total payments to policyholders and beneficiaries were $826,593,000, compared with $852,893,000 in the same period of 1942.

Death benefit payments are still running ahead of a year ago, the April payments of $93,508,000 comparing with $92,409,000 in the same month last year. For the year to date, they are 9% greater than last year.

April payments reported by the Institute were:

	April, 1943	April, 1942
Death benefits	$93,508,000	$92,409,000
Matured endowments	31,709,000	23,404,000
Disability	7,710,000	7,943,000
Annuity payments	14,016,000	13,694,000
Surrender values	26,630,000	43,415,000
Dividends to policyholders	31,680,000	46,647,000
Total	$205,253,000	$227,512,000

Investment Trusts

The ABC Of Something Or Other

When the Government sells bonds to the commercial banks, new deposits are created—$1 of new deposits for every $1 of bonds sold. (That's easy.) The Federal debt stands today at approximately $135 billion. The commercial banking system holds about $54 billion of this debt. That's the main reason why commercial bank deposits are about $85 billion now as compared with only $22 billion back in 1917: (Are you still with me?)

Suppose the Federal debt goes to $250 billion (and that's being conservative), where will bank deposits be? Well, if the banks continue to take bonds in about the same ratio as heretofore, they'll sop up approximately $46 billion more, or 40% of the increase. That will boost total deposits to $131 billion, or about $1,000 for every man, woman and child in the country. (Brother, that ain't hay!)

There's a lot more to the story, including money in circulation, savings bank deposits and a mere $85 billion of Federal debt now held by the "public." But why get all fussed up with figures? (All I want to know is who's going to have the first billion-dollar investment company!)

Investment Company Briefs

Calvin Bullock's **Bulletin** points out that the true situation with respect to many companies is much better than net earnings after reserves would indicate. This is because of the heavy allocations to Special Reserves. For example, ten companies whose stocks are held in Dividend Shares' portfolio reported total net earnings of $438,469,811 last year after taxes but before special reserves. $116,427,315 or nearly 27% of this amount was allocated to special reserve funds.

* * *

National Securities & Research Corp.'s **Investment Timing** discusses the trend of industrial production and concludes that while the peak may be near in point of volume, it might be a year or more off in point of time. The service continues to forecast the intermediate trend of stock prices as being upward.

* * *

Hugh W. Long & Co.'s **New York Letter** draws heavily on New York newspaper talent. The lead article, "Wall Streeters In Washington," is by John G. Forrest, Financial Editor of the New York Times. Another feature is a reprint of "Public Returns To Wall Street" by Ralph Hendershot, World-Telegram Financial Editor.

Another innovation by the Long Company is the mailing of a complete engineering report of the well-known technical research firm, Kerr & Co., on the steel industry outlook to all affiliated dealers. It is hard to see how dealers can respond other than favorably to such friendly, helpful service.

* * *

With the market today about where it was in 1940 before the fall of France, Keystone Corp's **Keynotes** asks: "Is the outlook better today than it was in June, 1940?"

Granted that the range of securities offered by Keystone Custodian Funds facilities a specialized marketing technique, a good deal of credit is due the sponsor for the effectiveness of the tools developed to aid dealers in merchandising the Funds. The "Block of Capital" forms, the "Security Selector" and the "Position" and "Transfer Schedule" forms have undoubtedly had quite a little to do with the $18,000,000 increase in net assets this year.

* * *

"Imagine a demented farmer who first spent all his income and then spent all the proceeds of a mortgage to the full value of his farm—all to buy hay for a giant bonfire. When the fire is out how will he pay the interest on his mortgage? Only a great increase in the price of farms and of his farm products can save him from bankruptcy. The farmer is powerless to cause such a price increase. But Government can, and does, increase the general price level when it is faced with essentially the same problem.

"But note carefully, Government does not try to increase the price level while it is spending great sums for armaments. On the contrary it makes a determined effort, as now in this country, to keep prices from rising while government is the big buyer. But after the war spending is over and the critical problem is no longer victory but solvency, the emphasis is reversed. Because interest on the war debt looms so large, prices are then permitted, encouraged, forced to go higher. It is the only way that the debt can be brought into reasonable relationship to the value of the nation's producing property.

"Price rises will be moderate during the war—it is the post-war period which will bring the substantial price advances."—From Distributors Group's folder on "INFLATION—What It Is . . How It Affects You . . . What You Can Do About It."

* * *

Investment Company Distributors has published a leaflet showing the nine and one-quarter year record of the Investment Company of America through March 31, 1943. In that period the total gain for the fund was 205.9% as compared with an average gain of 69.1% for 24 other companies.

Investment Company Reports

Dividend Shares had net assets of $43,682,288 as of April 30, 1943. Net asset value per share gained 20.04% over October 31, 1942 as compared with a gain of 18.77% for the Dow-Jones Industrial Average in the same period.

Keystone Custodian Fund Series "B2" reported total net assets of $8,516,012 on April 30, 1943 equivalent to $25.10 per share. This compares with net assets of $5,816,848, or $21.45 per share a year earlier. As of April 30, 1943 unrealized appreciation of securities owned amounted to $1,184,147.

Bond Investment Trust reports assets over $1,000,000 compared with approximately $47,000 last September when the trust became an open-end company.

Dividends

Eaton & Howard Balanced Fund—A dividend of 20c payable June 25 to stock of record June 17, 1943.

Group Securities, Inc.—The following dividends payable June 30 to stock of record June 16, 1943.

Class	Regular	Extra	Total
Agricultural	.05	.05	.10
Automobile	.07	.08	.15
Aviation	.14	.01	.15
Building	.04	.06	.10
Chemical	.03	.03	.06
Elec. Equipment	.06	--	.06
Food	.03	--	.03
Fully Administ'd	.11	.02	.13
Gen'l Bond Shrs.	.11	.02	.13
Indus. Machinery	.08	--	.08
Investing Co.	.03	.05	.08
Low Priced	.04	.04	.08
Merchandising	.07	.01	.08
Mining	.07	--	.07
Petroleum	.06	.06	.12
Railroad	.05	.03	.08
Railroad Equip.	.07	--	.07
Steel	.06	--	.06
Tobacco	.04	--	.04
Utilities	.03	--	.03

Union Trusteed Funds, Inc.—A dividend of 18c on UCSA and 8c on UCSB payable June 19, 1943.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2164)

does not live up to its promises in the subsequent week is immediately to be considered dangerous. This is further heightened if one set of averages does not confirm the bullish indication given by the other average.

Up to the time this was written there was nothing in the action of either of the averages or the market as a whole to make me change the position I took in last week's column. The danger signs I called attention to last week are not only still there but seem to be gathering force. On what or why these are based is difficult to explain. Perhaps it's the war; perhaps it's something else. But whatever it is the time is here to not only stop buying stocks but stop thinking about what to do with what you have and act.

* * *

There is a good deal of talk around about the post war world and how business will adjust itself to it. My suggestion is that, so far as the market is concerned, you forget this post war world and give more thought to what is going around you today. Yes, we are winning the war on the battlefronts, but we are losing it at home.

* * *

Last week we were faced by another strike, a major strike in the coal industry. But this was just one strike. There were sporadic outbursts of labor trouble in other plants as well. It is all well and good to call Lewis, the coal miners and other strikers a sabotaging dirty bunch of so-and-sos. But this outraged feeling no matter how justified doesn't recognize the true picture. The harsh fact is that labor unrest, which hampers the war effort, is a direct reflection of our week kneed home front policy.

We all remember the Hold-the-Line order from FDR. Yet we are painfully aware that under Prentiss Brown and Chester Davis the OPA and Food Administration has become a joke. Price ceilings are meaningless. The line is being held at one end and being blithely broken at the other. Legislation, such as the Connolly bill, to outlaw strikes will not settle the problem. Labor troubles are a natural result of the ferment the OPA and other bodies are stewing. Business caught between WPB regulations and dissatisfied labor is doing as good a job as can be expected but it too must eventually feel the grinding power of the millstones.

* * *

In discussing the above I've tried to be dispassionate and see what is behind the current market uncertainty. Perhaps my reasoning may be lopsided. But I doubt if my conclusions are.

* * *

Inflation, a wild eyed sort, may change the entire picture. I hardly think, however, that despite its ineptitude that the administration will permit this to occur. I feel that more efforts to check inflation will shortly be made. What they will be I don't know. But the market in its own way will act accordingly. I recognize the possibility that governmental edicts do not permanently change economic laws. But even the threat of such a change will drive the market down.

* * *

Obviously no one will ring a bell and warn you when to get out. The market itself will give the signals. If you're able to read them you will act If you can't you'll be left high, but not so dry, screaming at "administrative muddling." So remember the stops given you last week and don't start thinking "it can't happen to you."

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

Bank Stock Attractive

Stock of the Irving Trust Company offers an interesting possibility for investors according to a circular being distributed by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

Packard Head Sees Ways To Speed Transition For Post-War Economy

(Continued from first page)

for mass-production of Rolls-Royce aircraft engines and Packard marine engines.

"Obviously, there will be plenty of legal 'paper work' before we can start re-arranging the plants and setting up the machines needed for motor car production. If this 'paper work' is postponed until after the war, post-war employment will be correspondingly delayed. Therefore, Government steps to provide this legal machinery are needed now.

"The second major problem is that of mapping out our post-war plant lay-outs and installing the required production equipment. This is a tremendous job in itself, particularly with Packard, because our plants were so completely torn up for war production. However, we estimate that rearrangement can be rushed through in as short a time as it will be possible to get materials to produce automobiles."

Mr. Christopher also pointed out that similar re-conversion problems face Packard's 350 subcontractors on war production work. Here again, Government steps to provide the necessary legal machinery are necessary, he declared.

"Unless the post-war situation is faced squarely now we may find it a whole lot harder and a lot longer to get out of war production than it was to get into it," Mr. Christopher commented.

Re-conversion Harder Than Conversion

"When war was declared, private enterprise lost no time in converting to war production, leaving the legal 'paper work' between Government and industry to follow along later. But that process cannot be reversed with equal ease. The 'paper work' will have to precede the changeover back to peace production or we will have to wait too long for authority to move a single Government-owned machine out of the plants.

"We may find our difficulties greater at Packard than those of some other plants because of our need to replace large numbers of our machines and tools released to help break production bottlenecks of other companies. Packard was the first company to supply a complete list of its available equipment to WPB and, as a result, we were drawn upon heavily by other manufacturers who couldn't get vital equipment soon enough from other sources."

Responsibility To Dealers Remembered

In all of its post-war planning, the company is particularly conscious of its obligations to the many loyal Packard dealers as well as to Packard employees, Mr. Christopher declared. It is in the interest of dealers as well as employees that the gap between war and peace production be made as narrow as possible, he said.

"Because our conversion from the manufacture of motor cars to war engines was so complete, our re-conversion will be like starting from scratch. Therefore, the Packard post-war planning committee is working toward a totally new peace-time production arrangement. We will incorporate not only the best methods known to the automobile industry at the stoppage of car production in early 1942 but many new ideas which we have developed in the mass production of aircraft and marine engines.

Post-War Production Line To Be More Efficient

"We expect that our motor car production will be one-third higher than it was during our previous peak year. Better utilization of floor space and more efficiently planned production lines will aid this result.

"To speed employment and production, Packard intends to manufacture its streamlined Packard Clipper model. If we did not resume with these models, production and employment would be delayed for months during the designing and building of new dies and tools for brand-new models."

Bacon Elected Gov. Of NY Stock Exchange

Francis M. Bacon, III, a member of the New York Stock Exchange and a partner of Bacon, Stevenson & Co. since Sept. 1, 1927, was elected a member of the Board of Governors of the Exchange on June 3 to fill the vacancy in the Board created by the election of John A. Coleman to Chairman. Mr. Bacon will serve as a Governor until the next annual election.

The Exchange's announcement further said:

"Born 44 years ago in Short Hills, N. J., Mr. Bacon attended St. Paul's School and was graduated by Harvard University in 1921. While a student at Harvard, he enlisted and served with the U. S. Army. He subsequently attended Magdalen College, Oxford University.

"Following 3 years employment with the Farmers' Loan and Trust Co., and several months association, in 1927, with Edward B. Smith & Co., he formed his own firm."

NYSE To Continue 1% Net Commission Charge

The Board of Governors of the New York Stock Exchange approved on June 3 an amendment to the Constitution to continue, at a maximum 1% rate, the present charge on net commissions retained by members and member firms on transactions effected on the Exchange but to remove the restrictions on total receipts. The proposed amendment has been submitted to the Exchange membership for balloting. This section now provides that when receipts from this source during any year have exceeded $500,000 the rate of charge for the rest of the year shall be cut in half and when receipts during any year have exceeded $750,000 the charge shall be discontinued entirely during the remainder of the year.

In a letter to the members, Emil Schram, President of the Exchange, explained that removing the restrictions is designed to permit the Exchange to take advantage of the recent increase in volume of trading to strengthen its financial position. His letter further stated, in part:

"As you are aware, the Exchange has operated at substantial deficits during recent years. The charge on net commissions was instituted a year ago as part of a broad program designed to establish the finances of the Exchange on a sound basis and to provide a fairer allocation of charges in relation to the use by members of the facilities of the Exchange. At that time (when volume of trading was averaging less than 400,000 shares a day) it was felt that no substantial additional revenue should be sought by the Exchange. Reductions in dues and other charges approximately offset, at the then volume of trading, receipts from the new charge on commissions.

"There appears to be a general opinion among the membership that the Exchange should now take advantage of the recent increase in volume of trading to strengthen its financial position. Such a program would be in the best interest of the Exchange.

"During recent years the emphasis of those responsible for the administration of the Exchange has necessarily been on reduction of expenses, the lowering of charges to members and the conservation of the cash resources of the Exchange. The Exchange expects to continue its policy of economy and to hold expenses to the minimum level necessary to provide adequate facilities and services for the investing public. We are now in a period, however, when we should seek to do more than merely conserve the Exchange's existing resouces; we should plan to increase these resources reasonably in order that the Exchange may be equipped to meet its responsibilities in the future."

Insurance Stock Attractive

The current situation in Home Insurance Company offers attractive possibilities, according to a circular being distributed by Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, Calif. Copies of this circular which contains a history of the company and interesting comparative figures may be had from Butler-Huff & Co. upon request.

Correction In Report On NYSE Borrowings

Emil Schram, President of the New York Stock Exchange, issued the following statement on June 4 regarding a correction in the money borrowings report for April 30:

"The New York Stock Exchange regrets that, in its tabulation of the total amount of borrowings on collateral by its member firms, as of the close of business April 30, 1943, the amount of such borrowings on United States Government securities was given as $219,709,310 when it should have been $362,043,810 and the amount of borrowings on all other collateral was given as $349,904,989 when it should have been $365,039,646.

"Thus, the total of all borrowings on collateral as of the close of business on April 30, 1943, should have been reported as $727,083,456 instead of $569,614,299."

The tabulation as made public at the time by the Stock Exchange appeared in these columns May 20, page 1866.

"St. Pauls" vs. "MOPS"

A most interesting comparative study of the relative merits of "St. Pauls" and "MOPS" has been compiled by W. Wendell Reuss, partner in McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of the study, giving the author's reasons for his present preference for "MOP" securities may be had upon request from McLaughlin, Baird & Reuss.

Laval Mobilizes More Workers For Germany

Pierre Laval ordered France's 1942 military class mobilized for work on June 5 and told the French people that 200,000 more workers must go to Germany, said Associated Press advices from London on June 5, which also stated:

Speaking on the Paris radio, the Chief of the Vichy government said: "French volunteers at the eastern front (Russia) demand that we equal their sacrifice. I have decided to call up the 1942 class without exception for work in order to avoid arbitrariness. They will all go without exception. I tell all not to withdraw from this obligation. Present yourselves to the calling-up authorities.

"Rigorous measures will be taken against any one who tries to avoid the call-up. Two hundred thousand workers must go as the result of a convention between Germany and France between March 1 and July 1. Many have said that during my recent trip to Germany I had to agree to stringent measures.

"This is entirely untrue. On the contrary Hitler was cordial and understanding."

Laval declared "I bear with you the burden of defeat" in the loss of North Africa, and he cried out against the black market, blaming it for French food difficulties.

"I know that only too many people expect salvation from England, America and Russia," he said. "They rejoice at recent military events, but military events have not borne out that hope. It took the Allies six month to reduce a few German and Italian divisions.

"Those people forget that Europe now is a fortress, that war is everywhere in the air and sea and Far East and that Russia herself is invaded.

"Those who think that in order to be free their women and children must be killed are mistaken. Indeed, it shows a profound upset of our souls that any one can believe this. I prefer my policy"

On post-war prospects, Laval said: "If the Anglo-Americans achieve victory on the European Continent, the Anglo-Saxon world would begin to measure itself with the Soviets and the results of that fight would not be in doubt. Bolshevism would then engulf Europe. Europe would then be a Soviet state."

Interesting Speculation

The $3 preference stock of United Corporation appears as an interesting speculation in the public utility field, according to a detailed memorandum discussing the current situation affecting the corporation, prepared by S. Fink of Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Copies of this memorandum which discusses the situation in some detail may be had upon request from Ira Haupt & Co.

Changes In Payment Of NY Stock Transfer Taxes By Stamps

The attention of member firms of the New York Stock Exchange was directed on June 4 to the action taken on the elimination of stamps in payment of Federal and New York State transfer taxes.

The following is a circular mailed to members by Max Jacquin, Jr., Assistant Secretary of the Stock Exchange:

"The New York Stock Exchange and the Association of Stock Exchange Firms for a number of years have been endeavoring to induce the Federal and State taxing authorities to permit the payment of taxes due on sales, transfers and deliveries of securities, covered by their respective regulations, other than by the physical attachment of stamps as presently required.

"In so far as New York State transfer taxes are concerned, this required specific changes in the law. These changes were enacted by the New York State legislature and approved by Governor Dewey at the last session, and the New York State Tax Commission is now in the process of preparing appropriate regulations. It is expected that these regulations will be issued in sufficient time so that these taxes may be paid through the Stock Clearing Corporation on or about July 1, 1943.

"The attention of members is directed to the fact that the amendments in the New York State law provide for the payment of such taxes only in respect of transactions effected on a registered securities Exchange located within the State of New York. Conversely, it will not permit of such payment of taxes in respect of over-the-counter transactions in listed securities. Members are urged to regulate their purchases of New York State Transfer stamps so as to have on hand after July 1, 1943, only such stamps as are necessary to cover over-the-counter transactions.

"With regard to Federal taxes, Regulations 71 covering this matter does not, in its present form, permit of a method for the payment of such taxes suitable for our purposes in that, although it permits payment through a clearing house, the work entailed in providing and maintaining the required records is prohibitive from a practical standpoint. After many conferences, we are confident that our proposals for amending Regulation 71 will be approved and said regulation will be amended in the near future. It is hoped that these amendments may be accomplished by the issuance of an appropriate Treasury Department during in sufficient time to enable us to proceed in this connection also, on or about July 1, 1943. Members are similarly urged to regulate their purchases of Federal stamps accordingly."

NYSE Members To Vote On Amending Gratuities

An amendment to the Constitution of the New York Stock Exchange with respect to gratuities payable to adopted children was approved by the Exchange's Board of Governors on June 3 and has been submitted to the membership for balloting. The proposed amendment to Section 4 of Article XVI provides that legally adopted children of a member of the Exchange would share in the gratuities payable on his death to the same extent as actual children. The purpose of this amendment, which was suggested by the Trustees of the Gratuity Fund, is to give adopted children the same standing with respect to gratuity payments as they now have under the laws of the State of New York with respect to the estate of a parent who dies without a will.

Production Costs Up Since Beginning of Year—Further Increase Expected: Conference Board

Industrial production costs have risen rather generally since the first of this year, and the upward trend is expected by the majority to continue during the next six months, according to returns to the National Industrial Conference Board which has just completed a survey of the current situation in a number of representative industrial concerns.

Under date of June 9, the Conference Board stated:

"Three-quarters of the reporting companies recorded an increase during the past four months. Costs held relatively steady for about one-seventh, particularly those in the food and metal products industries. One executive in 12 reports a decline in costs.

"Labor was the greatest production cost problem for over half of those reporting, while about a quarter found raw materials their chief cost worry. Labor productivity and efficiency have directly affected wage costs in the majority of reporting companies which state that declining efficiency has been the rule. Among the labor factors increasing production costs are manpower shortages, an increase in absenteeism, turnover, wages, the 48-hour week, occasional work stoppages, and the greater cost of supervision.

"Raw material costs are holding steady in about 45% of the concerns, particularly those in the heavy machinery, metal products and foundry industries. The paper, food and chemical industries are prominent among the three-tenths reporting increases in costs of raw materials. Among the causes stated are shortages and higher prices, transportation difficulties and additional freight charges, subcontracting at higher prices, rationing, and the use of more expensive grades of substitutes. Except for certain food companies, all industries anticipate an increase in raw material costs this year.

"Most companies have been unable to pass on any increase in costs and their profit margins have narrowed. About one-tenth report that they are not being 'squeezed,' but most of these companies have been operating under 'cost-plus' contracts or their unit costs have been lowered as a result of a larger volume of production.

"Costs of production are expected to go higher by about three-fifths of those reporting. A very small percentage of the cooperators anticipate that production costs will hold steady or decline during the second and third quarters of 1943.

"The paper, food and chemical industries are prominent among the three-tenths reporting increases in costs of raw materials. Among the causes stated are shortages and higher prices, transportation difficulties and additional freight charges, subcontracting at higher prices, rationing, and the use of more expensive grades of substitutes. Except for certain food companies, all industries anticipate an increase in raw material costs this year.

Food Rationing In France Reported Most Stringent

A young Frenchwoman permitted by the German government to leave Vichy, France, to join her fiance in the United States, speaking of food conditions in France, reported that there was "plenty of starvation" there.

"If the people are lucky enough," she stated, "they are able to get about 250 grams of fat weekly and 120 grams of meat, including bone. That is about the size of a big hamburger. They are allowed 200 grams of bread daily, equal to about four slices, and just a few vegetables. The children are allowed some milk, but there is no more concentrated milk in France."

Clarifies Status Of Persons Named On Beneficiary War Bonds

Under a decision handed down in New York City on June 5 by Surrogate James A. Foley, the beneficial status of persons named on "beneficiary war bonds" appears to be clarified, it was noted in the New York "Times" of June 5. Stating that the ruling, involving millions of dollars, was given in the case of the estate of William J. Deyo, who died Dec. 25, 1940, the "Times" reported as follows regarding the decision:

"In substance it holds that any war bond registered in the name of the purchaser and payable on his death to a beneficiary becomes the property of the beneficiary on the death of the purchaser.

"A previous decision made at Special Term held that any such bonds were assets of the purchaser or the decedent's estate and did not belong to the surviving beneficiary.

"Surrogate Foley discussed at length the contractual rights conferred on the beneficiary upon the purchase of any war bonds which will pass to another on the death of the purchaser.

"In his decision the Court held: "'The rights of a beneficiary under these bonds is somewhat analogous to the rights of a beneficiary under an insurance policy, a beneficiary under a trust agreement, or a beneficiary of a 'Totten Trust.' The latter is the ordinary form of bank account which passes to the party named upon the death of the original owner or depositor.'"

A ruling similar to that of Surrogate Foley was contained in an International News Service dispatch from Scranton, Pa., which appeared as follows in the "Wall Street Journal" of May 22:

"Federal Judge Albert W. Johnson has ruled that U. S. Savings and War Bonds cannot be considered part of a decedent's estate where there is a provision for payment of their redemption price to the beneficiary designated in the bonds.

The court opinion also made the decision applicable to cases where the bonds were issued to co-owners.

Denied SEC Registration

A broker-dealer registration has been denied to William K. Archer and Edward G. Mader, members of the recently formed Archer, Mader & Co. of Kansas City, Mo., on the ground that Mr. Archer's past record did not justify his re-entry into business. The action was apparently directed at Mr. Archer alone, as no mention was made of Mr. Mader except that he was a member of Rrcher, Mader & Co.

The SEC had revoked registration of W. K. Archer & Co. and ordered its expulsion from the National Association of Securities Dealers, Inc. on charges that it had violated fraud provisions of the Securities Act, and that Mr. Archer had "over-reached" in his dealings with customers and fellow broker-dealers and that he aided Claude Westfall, an employe of a larger securities house in double dealing against the employe's own concern and its customers.

McDonough Dead

William E. McDonough, trader in unlisted securities for Paine, Webber, Jackson & Curtis, Chicago, Ill., died suddenly on May 28. He had been connected with Paine, Webber since 1915.

The Securities Salesman's Corner

Securities Must Be Sold—They Do Not Sell Themselves

There is a wise old saying that goes "its not WHAT you know but what the other fellow **thinks** you know that counts." Apply this to the securities business and half your battle is won.

There may be those who deplore the fact the sales psychology must be used in order to convince many investors that they should do what is often best for their own interests. But it nevertheless is more than often times the case that many investors insist upon making serious investment mistakes just because some salesman didn't have enough sales ability to convince them to do otherwise.

No matter how attractive an investment may be, no one will benefit (either salesman or investor) unless someone goes out and tells investors in such a way as to convince them that they should take advantage of the opportunity. Even when it is necessary to use what some might call "tricks in the trade of selling" in order to reach a desirable objective it should be done. Some people have to be led, others cajoled, others enticed and there are even some who have to be shoved. That's the way everything else in this world is accomplished and securities have to be sold in just the same manner.

Here is an example. Let's take the case of the procrastinating investor who always has an excuse for not doing business at the time that he should do so and as a result usually waits until the price of the security you have offered has advanced sharply in price. By this time the situation is usually too high to be an attractive purchase but in as much as he now insists upon doing something that was originally suggested by the salesman he is allowed to make the investment even at higher prices. Many times the security recommended originally at its first price was a real attractive purchase—later not the case. There is hardly a salesman who hasn't met this particular brand of self styled investor; nor is there a salesman who hasn't said whenever he met this rather exasperating individual—"what I'd give for a formula to make that fellow ACT WHEN HE SHOULD"!

Sometimes salesmen have taken the frontal attack when they have bumped up against these cases. Usually this doesn't work so well. We do know of one salesman who actually can "bawl the hell" out of these "think it over fellows" and he claims he gets away with it. In other cases its helpful at times to REVERSE THE PROCEDURE. Instead of presenting a security and its good points—MAKE IT HARD TO GET!

One salesman we know handled one of these cases by telling his prospect that he didn't have a security to offer but that he expected to have some information on a very attractive situation in a short period of time. The second call back a week later he was still working on the matter—then he made a call and released a bit of information that was designed to "whet Mr. Hard To Get's" appetite just a wee bit. Finally he sprung a really attractive railroad reorganization (that he had known about all the time) and it resulted in a substantial commitment for a very attractive investment that this investor is now mighty pleased he owns today.

The not very strange part of the story is that of course this brilliant investor has told several of his friends at the country club about the "smart buy HE MADE in the rails"—when all the while he was practically anesthetized into making the purchase.

Canadian Securities

By BRUCE WILLIAMS

The new Canadian-American agreement for joint programming of exports to Latin America provides a further indication of the growing importance of Canada in the field of international commerce, and exemplifies the attempts which are being made to solve the problem of the division of world trade, at least in part, by international cooperation instead of competition. This latest form of collaboration follows closely upon the decision of the Joint Economic Committees of the two countries to explore the possibilities of economic expansion in the million-mile area of northern British Columbia, the North West Territories, the Yukon and Alaska.

In the Canadian bond market the most interesting recent item of news was probably the announcement by Mr. Garson, Premier of Manitoba, of the sale in this country of $1,185,000 5-year refunding 2¾% debentures callable in 3 years. A significant feature of these bonds is that, contrary to the usual custom of issuing provincial bonds with payment optional in U.S. or Canadian currency, on this occasion payment is in U.S. dollars only. This naturally suggests that the province has in mind the possibility that before the bonds are paid, the U.S.-Canadian exchange will be at parity, with a consequent saving of the 10% premium on U.S. currency.

A certain revival of interest in Canadian internal securities recently may have resulted from observation of this point. Since the great activity in this section of the market some months ago, this market had been almost at a standstill with a slight easing of prices. Recent sales have taken place on the basis of 10% discount. In some quarters it is felt that following the firmness of the Canadian dollar in the free market over a long period, and with the present trend towards parity, it is conceivable that an investment demand might arise in the U.S. for the internal bonds of the Dominion.

The market for external bonds has continued to maintain its firm tone with prices steadily advancing in all sections. Manitoba bonds, following the almost surprisingly low coupon on the new refunding issue, have improved sharply. The 4½'s of 1956 at 105 now yield only a shade over 4%. So remarkable has been the recent improvement in these bonds that long-term Manitobas now return less than comparable bonds of the Province of New Brunswick. As previously suggested, however, this situation should soon be corrected with the increasing recognition of the fact that New Brunswick 5's of 1959, for example, at 108¾ to yield 4¼% appear definitely underpriced. Saskatchewans still continue to attract popular attention with the 4½'s of 1960 quoted 91-92. British Columbias continue in steady demand with the 5's of 1954 now 110¾ bid.

In the Dominion guaranteed section, Canadian National Railway bonds move steadily ahead, and as anticipated, are slowly coming more into line with the direct obligations of the Dominion. Canadian dealers are now having the unusual experience of encountering difficulty in securing these bonds in Canada. It would appear that the long expected exhaustion of this source of supply is now in sight. The 4¾'s of 1955, the 4½'s of 1956 and 1957 now yield only about 3⅛%. However, the 5's of July 1969 callable in 1 year still remain on about a 2% basis to call date. It is possible that before long a commercial bank demand will arise for this bond when the callable term is within one year. When compared with 1 year U.S. Certificates of Indebtedness on about a ¾% basis, the July 1944 Canadian Nationals, with the possibility of earning the 5% coupon for a considerable period, appear very attractive.

There is a further possibility that the Dominion 2¼'s of Jan. 15, 1944 and the 2½'s of August 15, 1945-43 might be paid off together at the maturity of the 2¼'s. It must be remembered that Canada has recently acquired quite a considerable surplus of U.S. dollars. Thus it would be possible in liquidating these obligations to reduce to a considerable extent this seemingly embarrassing surplus and to reduce the outstanding external debt at the same time. Should this materialize, the C.N.R. July's would be the only short-term Dominion obligations available.

The Canadian Chamber of Commerce has just presented some excellent proposals in connection with post-war reconstruction among which is one which could very well be dealt with without further delay. That is the complete overhaul of the Canadian tax structure. There are at present quite a number of unsettled tax situations involving U.S. individuals and corporations which have mostly occurred because the complicated Canadian revenue laws can easily give rise to misunderstanding and dispute.

It is to be deplored that the good will created in this country by other official departments of the Canadian Government, as, for example, the Foreign Exchange Control Board, should be offset through failure to make a long overdue reform. Mr. Ilsley, Minister of Finance, who has already done splendid work in his difficult department of the Government, has a wonderful opportunity still further to enhance his reputation by presenting before Parliament a bill to simplify and amend Canadian tax laws.

Ideal Cement Interesting

The current situation in Ideal Cement Company offers interesting possibilities, with a promising post-war outlook, according to a memorandum issued by Amos C. Sudler & Co., First National Bank Building, Denver, Colo. Copies of this memorandum may be obtained from the firm upon request.

Subsidies Seen Increasing Danger Of Inflation And Removing Incentive For Efficiency

A Real Price Rise is Concealed In Subsidies National City Bank Declares

In citing objections to subsidies, the National City Bank of New York in its June "Monthly Letter" observes that "subsidies naturally remove incentive for efficiency and low cost production and distribution. By keeping prices to consumers down they make goods more attractive to buyers, and add to the difficulties of rationing. Finally, they are habit forming. Once used they tend to spread and enlarge, and they are hard to drop." The Bank in its comments also says:

"Within limits, and particularly where they are confined to high-cost producers or designed to cover temporary and abnormal increases in costs, subsidies may be the least costly and most effective method of accomplishing a necessary objective. Where separate study of each problem establishes the desirability of subsidies, their cost may be added to the other costs of the war and accepted as inevitable under the circumstances.

"But the more extensive and elaborate a subsidy program the greater is the opportunity for mistakes and the more costly the mistakes will be; also the greater is the inflationary effect. As subsidies widen and tend to cover all producers, and their costs mount, the argument that they save people more as consumers than they cost them as taxpayers naturally becomes weaker. The advocates of solving the stabilization problem by payment of subsidies running up to $3, $4 or $5 billions, which are figures seen in the press, should give heed to the danger of creating a mechanism which is not only inflationary but has potentialities for evil in other ways."

Regarding the foods subsidy program the Bank also stated in part:

"Food distributors welcome any modification of the OPA's habit of appeasing both the farmer and the consumer by cutting the distributor's margin, but they are suspicious of the subsidy proposal. They find it improvised and vague, and they do not know what the eventual attitude of Congress will be. They know that the roll back will compel them to take markdowns on inventory. Wholesalers and retailers fear that processors will get the subsidy, and they will get the roll back. Basically, business men do not like subsidies; they do not want the question whether they are to make a profit or loss to be determined by the decision of a government official as to a subsidy rate, and they fear the regulations that may go with subsidies.

"The initial cost of the subsidies on meats, butter and coffee is estimated at upward of $300 millions a year. The funds will be provided by the Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation. The RFC, however, cannot finance a program of great magnitude and if that is intended it will come under Congressional review. The attitude of Congress towards subsidies has in general been highly critical. It has rejected all proposals for huge appropriations to finance elaborate subsidy schemes.

"While the new program is the most important application of the subsidy principle yet made in this country, subsidies amounting to an estimated $700 millions annually are already being paid for various purposes. These include payments to cover extra transportation costs, caused by the war, on sugar, gasoline and coal; premiums paid for production of high-cost copper, lead and zinc; payments to producers of vegetables and fruits for canning; and subsidies on cheese production, oilseed crushing and processing, and some other commodities.

"The justification offered for the subsidies is that the necessary production and distribution of these commodities must be maintained, and that subsidies cost the country less than an over-all price increase, which is the alternative, would cost. Where subsidies are restricted to the higher-cost production, this claim is manifestly correct. For example, the OPA calculates that if market prices of copper, lead and zinc were allowed to advance to equal the premium prices paid on a limited part of the production, the cost to consumers of the three metals would be raised by $400 millions, whereas the premium payments total only $20 millions. This high-cost production is clearly needed, and there is not much argument as to the appropriateness of government payments in the circumstances.

"Even subsidies paid to all producers may cost the public less than advances in market prices, for when prices are held down at the source of production pyramiding of markups through the distribution system is avoided. In general, subsidies restore an element of flexibility to a "frozen" price system by providing means to stimulate production of essential commodities (and correspondingly discourage production of non-essentials) without upsetting price levels or the stabilization program. They facilitate enforcement of price ceiling regulations. These are strong, practical, arguments in their favor.

"On the other hand, reliance upon a greatly extended use of subsidies to solve all the problems of price stabilization would be largely deceptive. If the costs of maintaining production and distribution are not borne by consumers through higher prices they must be borne by them either through taxes or through further inflation of government debt. Thus subsidies conceal a real price rise, which becomes more important as the subsidies grow. Arguments that they cost the public less than market price advances may overlook the cost of administration and of the mistakes that administrators make. Subsidy programs are not automatic in their operation and impersonal in their judgment, as are prices in free markets. They must be administered by overhead authority, and at every point along the line the authority must make decisions. The way is open not only for errors in judgment but for political abuses, for discrimination, and for another entering wedge for detailed government control of business and agriculture."

Montreal Bank Reports Canadian Crops Late

Crops are late throughout the Dominion of Canada due to the backward season, and wheat seeding has been virtually completed in the Prairie Provinces with the sowing of coarse grains well advanced, according to the current crop report of the Bank of Montreal, issued June 4. Germination is satisfactory but crops are late and warm weather is now required to stimulate development. Early sown crops show a healthy, even growth.

The bank's report continued:

"In the Province of Quebec seeding of grain is under way and planting of field and root crops is general in most districts. The season is from two to three weeks later than normal. Hay lands and pastures show good growth. Fruit trees are blossoming well and strawberry plants show promise of a good crop. Moisture is ample and warm weather is required to stimulate growth.

"In Ontario operations on the land have been greatly curtailed by excessive rainful and cool weather. . . . The acreage seeded to spring cereal grains is expected to be reduced materially and substitute crops of corn roots and buckwheat will be planted. Pastures are in good condition.

"In British Columbia below-average crops of tree fruits are indicated generally. Soft fruits and vegetables are making progress, but the season is backward, owing to lack of sufficient warmth."

N. Y. Analysts To Meet

Subjects of discussion at coming luncheon meetings of the New York Society of Security Analysts, Inc., will be:

June 11—Netherlands in Europe and in the East Indies from the Standpoint of Investments—Dr. Edward Von Saher, Chairman of the Netherlands Circle.

June 14—Rate of Return on Public Utilities—discussion group to be led by E. Ralph Sterling, Merrill Lynch, Pierce, Fenner & Beane.

June 16—The SEC and the Street—Robert H. O'Brien, member of the SEC. Preceding Mr. O'Brien's speech, Benjamin Graham will render a report to the membership from the Committee on Standards.

All meetings will be held at 56 Broad St., New York, at 12:30 p.m.

Bendix, Luitweiler To Admit Philip G. Volpe

Philip G. Volpe will acquire the New York Stock Exchange membership of Leeds Johnson as of June 17, on which date he will be admitted to partnership in Bendix, Luitweiler & Co., 52 Wall St., New York City, members of the New York Stock Exchange.

Attractive Situations

The current situations in Stromberg-Carlson, Federal Screw Works, Bartgis Brothers, and Miller Tool & Manufacturing Co. offer interesting possibilities according to memoranda issued by Herzog & Co., 170 Broadway, New York City. Copies of these memoranda may be had from the firm upon request.

The Morgenthau And Keynes Stabilization Plans

By CLYDE WILLIAM PHELPS

Head of the Department of Economics, University of Chattanooga, Chattanooga, Tennessee

The Morgenthau and Keynes Plans are simply proposals for erecting a grandiose and elaborate mechanism for accomplishing a desirable objective (post-war exchange stabilization) which can be achieved much more effectively in a simple, direct, frank, and straightforward way — and to accomplish other purposes some of which are not to be fully understood by the public.

If it turns out, as I am afraid it will, that the Administration's policy will be to force the American public to choose between such plans (plus unsoundly conceived plans for international AAA's, WPA's Food Stamp Plans, etc.) on the one hand, and no plan at all for international cooperation on the other hand, I can foresee in the future a rise of what will be termed "Isolationism."

Sincere and serious international cooperation by the United States in meeting post-war problems is not dependent upon the creation of Rube Goldbergian structures. The United States can best engage in international cooperation for exchange stabilization after the war by simply taking the lead. This means, first of all, setting our own house in order, checking domestic inflation, determining definitively the par or gold content of the dollar, restoring a fully functioning gold standard, taking the lead in reducing tariffs and other trade barriers, thereby giving the world a sound international standard money to which other countries could tie or adjust their currencies and bring about world-wide exchange stabilization.

It will be necessary for someone to make loans to many countries in order to assist them in restoring sound monetary systems and effecting exchange stabilization, and it will be necessary for someone to make loans to many countries for their reconstruction and rehabilitation. Just who is going to make these loans? Who, indeed, is in position to make them, and who is expected by all the world to furnish practically all of the loans? The answer, of course, is the United States.

Why, then, erect an elaborate structure which may tend to camouflage these operations and deceive the American people into thinking that the funds loaned to various countries for exchange stabilization, reconstruction and rehabilitation are coming from some "international organization" rather than mainly from their own pockets? If we are to do most of the lending for all of these worthy purposes, why not do it simply, directly, and in an honest and straightforward manner, accompanying each loan with conditions to insure its productive use by the borrowing country?

The lending by a nation of its own funds to another country for agreed-upon purposes (budget balancing, exchange stabilization, etc.) may be called imperialism or some other disparaging word by New Dealers. Apparently what they would prefer would be an international organization in which the debtor countries would have the power to force a creditor nation to furnish them its funds upon their own terms.

Are Utilities Undervalued?

We have been asking ourselves this question for some months past. It is, of course, obvious that the better grade utility operating company bonds and preferred stocks are, with few exceptions, selling at fancy prices. The equity side of the picture is quite different, however, for here the price structure is historically low. Leaving out the many "special situations" that exist today in the holding company field, the question can be narrowed down still further to a consideration of the position of operating company common stocks.

We believe that as a group these securities have considerable attraction for the patient investor who is looking for a better than average current return, some chance of a modest capital appreciation and a reasonably secure position in the postwar period. This conclusion rests very largely on these three beliefs, none of which we can prove: (1) belief that the political trend is in a conservative direction and hence favorable to privately owned utilities; (2) belief that utility earnings and dividends are pretty well stabilized around present levels for the duration and that the postwar outlook is for some moderate improvement (this in spite of the continuing inflation threat); (3) belief that, given increased confidence in the political situation and the maintenance of dividends, utility common stocks will not continue indefinitely to sell at prices to return present comparatively high yields ranging from 6% to 8%.

We aren't expecting big appreciation from the better grade operating company common stocks because we are not overly impressed with the long term growth prospects of the utility field as far as the stockholder is concerned. We prefer to approach these securities more largely from an income standpoint and we hope for a nice current return, some modest capital appreciation from present levels and a satisfactory performance under peace conditions.

Unusual discrimination should be exercised in selecting utility equities under present conditions. In particular it appears to us that the recent speculative splurge in low priced holding company common stocks has been more in the realm of fancy than demonstrable fact.—*From the Portfolio Review of the George Putnam Fund of Boston.*

Continental Air Lines Post-War Outlook Bright

Continental Air Lines offer interesting possibilities, according to a circular just issued by Ward & Co., 120 Broadway, New York City, which states that although war-stimulated traffic has been a major factor in building "Continental's" business and profits, the growing industrial importance of the area served tends to assure it increasing future business. Copies of this circular, describing the situation in detail, may be had upon request from Ward & Co.

Seaboard Air Line Data

Prior to the issuance of their report on the significance of Special Master Taylor's reorganization plan for the Seaboard Air Line, which will be ready shortly after the hearings in Norfolk on June 16, L. H. Rothchild & Co., 120 Broadway, New York City, have prepared a brief comparison of the net operating income of various systems with the Seaboard for the first four months of 1943.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

The Securities Insurance Company of New Haven recently filed with the Securities Exchange Commission registration covering 50,000 shares of capital stock, $10 par, to be offered to stockholders. This is the first time in many years that an important old-line fire insurance company has made such an offering. Present capitalization of the company comprises 200,000 shares of $10 par stock, while its net surplus as of December 31, 1942 was $4,000,000. The offering price of the new issue has not yet been announced, but assuming it at $30, or three times par, their capital would become $2,500,000 and net surplus $5,000,000, representing a 25% increase in capitalization. In addition to the net surplus of $4,000,000 the company has voluntary reserves as of December 31, 1942 amounting to $764,868.

This action naturally causes some speculation as to the possibility of other insurance companies making similar offerings and increasing their capitalization. The question also arises as to why Security should need additional capital funds, particularly in view of its conservative dividend policy over many years whereby a large share of its annual net earnings have been retained in the business. It may be of interest, therefore, to review the operations and financial situation of the company from the year 1925, and to compare this with the aggregate figures of a group of thirty representative fire companies, which includes Security of New Haven.

In 1925 Security's capital was $1,500,000, surplus funds $2,486,000 and total capital funds $3,986,000. This capitalization supported a premium volume of $5,687,000 and unearned premium reserves of $5,310,000, or $1.43 and $1.33 per dollar per capital funds respectively. In 1928 capital was increased to $2,000,000, surplus funds to $4,375,000 and thus total capital funds to $6,375,000. Premium volume in 1928 was $6,277,000 and unearned premium reserves, $6,007,000, or $.98 and $.94 per dollar of capital funds respectively. There has been no increase in capital since 1928, and surplus funds have increased but slightly to $4,765,000 as of December 31, 1942, providing total capital funds of $6,765,000. Premium volume in 1942 was $7,258,000 and unearned premium reserves $5,412,000, or $1.07 and $.80 per dollar of capital funds, respectively. Over the eighteen year period capital funds have increased from $3,986,000 to $6,375,000, or by $2,389,000 equivalent to approximately 60%. Premium volume in 1942 was $1,571,000, greater than in 1925, or 27.7%, and unearned premium reserves $102,000 or 1.9% greater. From these figures it would not appear that Security's present capitalization is inadequate. Certainly the proposed 25% capital increase will place the company in position to write a substantially larger volume of business.

It is now of interest to review aggregate figures for the group of thirty representative companies. In 1925 their aggregate capital was $117,800,000,000, surplus $240,148,000 and, thus, total capital funds $357,948,000. This capitalization supported a premium volume of $416,190,000 and unearned premium reserves of $368,615,000, or $1.16 and $1.03 per dollar of capital funds, respectively. In 1942, aggregate capital was $135,047,000, surplus $598,546,000 and total capital funds $733,593,000. Premium volume in 1942 was $501,521,000 and unearned premium reserves $384,557,000, representing $0.68 and $0.52 per dollar of capital funds, respectively. It will be noted that as a group, capital funds have expanded during the eighteen year period from $357,948,000 to $733,593,000, an increase of $375,645,000 or 104.9%. Premium volume in 1942 was $85,331,000 greater, approximately 20%, than in 1925, and unearned premium reserves $15,942,000 or 4.3% greater.

For the sake of clarity the above figures are recapitulated below.

	Capital Funds	Premium Volume Amount	Premium Volume Per $ of C. F.	Unearned Premium Res. Amount	Unearned Premium Res. Per $ of C. F.
1925					
Security Ins. Co.	$3,986,000	$5,687,000	$1.43	$5,310,000	$1.33
Thirty Companies	357,948,000	416,190,000	1,16	368,615,000	1.03
1942					
Security Ins. Co.	6,765,000	7,258,000	1.07	5,412,000	0.80
Thirty Companies	733,593,000	501,521,000	0.68	384,557,000	0.52
Increase, 1942 over 1925					
Security Ins. Co.	60.0%	27.7%		1.9%	
Thirty Companies	104.9%	20.0%		4.3%	

To judge from the above figures, the fire insurance industry is amply capitalized to handle a quite substantial expansion of business, particularly when present ratios of premium volume and unearned premium reserves to capital funds are compared with the higher ratios which prevailed in 1925.

Few companies today write more than a dollar of premium business for each dollar of capital funds. Security is one such company, writing in 1942 $1.07 per $1.00. Others are: Agricultural $1.28, Hanover $1.09, Home $1.14 and Providence Washington $1.12. On the other hand, Continental wrote only 39c per $1.00, Fidelity-Phenix 41c, New Hampshire 46c,

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Gov. Bricker Hails Two Party System As Guardian Of Liberty And Free Government

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for cleaning out political parasites that have attached themselves to many boards, bureaus, and commissions and have handicapped the war program. Every man on the public payroll, who is using this time of high emotion and danger to attach to our system of government his own personal revolutionary ideas, should be driven from his position of power at once. It should not be necessary for Congress to do this. The administration itself ought to do it without delay. The favoring pedof special groups should be stopped at once. This is the time for united action. If every man on the federal payroll, and we have ninety thousand of them in Ohio as compared with twenty thousand five hundred State employees, were to give their every effort to the winning of the war, the fear of the effects of internal mismanagement would be immediately dissipated. The winning of the war would be nearer and the cost of it all would be greatly lessened.

Every agency of government should be utilized to the limit of its ability to aid in the war effort. The use of federal funds for the spreading of New Deal propaganda should cease at once. There are many opportunities for federal, state and local cooperation. Federal money should be spent through local government wherever possible. This administration has not used local government either to the extent of ability to serve or their desire to aid in the war program.

Civilian Defense throughout the nation is an example of what federal and local government can do in the war effort. Yet even today constant vigilance must be given to prevent the Office of Civilian Defense being used by the Office of War Information for the selfish benefit of the New Deal and its satellites. Let us keep civilian defense what it was intended to be and what it is, a great civilian effort to defend ourselves from attack and from all subversive elements within or without our society. It also can render great aid in time of crisis, storm, accident and fire, as it has already done throughout the country. It is a noble and inspiring example of the peoples' response to need. It is self-government in its highest form. Even in time of war, local government can be strengthened and utilized, not only for the winning of the war, but for the preservation of the very foundations of free government.

The bureaucratic system of government, greedy for power, constantly must be watched in every state and in every community. In education, welfare and health, the ever-expanding power of centralized government reaches out into new fields. It not only is increasing the burden of government upon the citizens themselves, but too often is costing much more than is justified by sound business of efficient government.

I have no fears for the future of my country if we preserve free government, if the party system is maintained, if the right to vote is not imperilled, and if the channels for information and unbiased education are kept ever open.

I have an adiding confidence in the judgment of the people of our country when they know the facts. There is no place in America for secret understandings. There is no place here for secret conferences. One of the black marks upon the war effort has been the use of the army to keep newspaper reporters and the elected representatives of the people, their congressmen, out of the food conference at White Springs. That conference may be reaching to the table of every American citizen not only now, but for many years to come. We work to produce the food. We have a right to know what our government is planning to do with it or its use and distribution.

America will make any sacrifice to win the war. We are sacrificing that others might be helped, but certainly America is entitled to know the aims and purposes of our government in its food program or any other activity so vitally affecting the individual lives of our people, both during and after war. The Congress of the United States should immediately order an investigation to determine the reason for this secrecy and the action of the conference. When this has been done, it then should reveal the facts to the people of this country.

One of the most humiliating experiences of this whole war is that much information which concerns our liberties, our rights and our participation in the war comes to us from foreign countries before it is released by our own government.

We are told that we are fighting for freedom around the world. Well, then, let's fight for freedom here at home. Our soldiers are fighting in strange lands. They are fighting among people whose languages they do not understand. They are lighting anew the fires of liberty around the world. They must not be dimmed here at home. The ballot box may be our last recourse. Unless I misread the signs of times, the American people are going to demand that the federal government, even in war must properly represent them and their best interests. If, in some way, we could only have the efficiency in civil government that the army and navy are now displaying in the conduct of the war, new light would shine across this land—a new confidence would inspire the American people—a new determination would arise everywhere—and our boys at the battlefronts would respond with new strength and courage and faith.

Armour Of Delaware Bonds On Market

A banking group of ninety firms, headed by Kuhn, Loeb & Co., offered June 7 $15,517,700 of Armour & Co. of Delaware 7% cumulative income debentures (subordinated) at 110 and accrued interest. Other principal underwriters are: The First Boston Corp., Harriman Ripley & Co., Inc., Smith, Barney & Co., Blyth & Co., Inc., Goldman, Sachs & Co., the Lee Higginson Corp. and Lehman Brothers.

The debentures are the unsubscribed portion of a $35,000,000 issue offered recently to holders of the 7% preferred stock under rights expiring June 3. They mature in 1978 and are redeemable for sinking fund on any April 1, at 110 to and including April 1, 1966, and thereafter at diminishing premiums. Other than for sinking fund, the debentures are callable at any time at 112½ until April 1, 1948, at 110 during the succeeding twenty years and thereafter on a descending scale.

Proceeds will be used to redeem the balance of the 7% guaranteed preferred stock. Upon completion of this operation the company's capitalization will consist of $44,220,000 of first mortgage 4% bonds due in 1955; $18,676,000 of 4s due in 1957; the new income debentures, 173,581 shares of 7% preferred stock and 100,000 shares of common stock, both stocks of $100 par value.

Our Reporter's Report

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be made known within a week or so, but it was indicated that the maturity of the bonds would not exceed ten years, suggesting an interest rate of around 2%.

The balance of the loan will be available for subscription by institutional investors, other than banks. Such individuals as subscribe will be given full allotments even though this occasions the total loan exceeding the set figure.

A Pioneering Job

The syndicate now engaged in marketing the $15,517,000 of Armour & Co. of Delaware 7% subordinated income debentures, comprising some 90 firms, is understood to have placed in excess of 50% of the issue up to this time.

The securities represent the unsubscribed portion of a total issue of $35,000,000 recently offered to holders of the 7% guaranteed cumulative preferred stock on which rights expired June 3.

Bankers in the group point out that the stage was not set in this instance for a "fast deal." Rather they contend that it is really an "investment bankers' engineering job," pointing out that an entirely new type of security is involved. Thus far they are represented as more than satisfied with the progress made in distribution.

Gulf Oil Corp. Stock

Bankers disposed of the 764,000 shares of capital stock of the Gulf Oil Corporation, for the account of Mellon interests and affiliated trust funds, with great rapidity.

This undertaking was handled by an unusually substantial marketing group which included some 149 firms, though it involved only some 8% of the total of 9,078,202 shares of the company's outstanding stock.

Quick consummation of this transaction suggested to market observers the disposition of investors to absorb seasoned equities in lieu of more normal flow of fixed obligations in the corporate field.

Big Refinancing In Sight

Another large piece of potential refinancing came into sight with the revelation by the head of United Drug, Inc., that the company contemplates redemption, later in the year, of its 25 year 5% debentures which are not due until March of 1953.

Last reports showed some $30,499,000 of this issue outstanding exclusive of some $2,500,000 held in the Treasury.

Funds for the retirement of the 5s will be raised chiefly through the sale of new securities and the company and bankers already are discussing the form which the new issue will take.

Bank & Insurance Stocks

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and Great American, about average, 67c per $1.00. With regard to unearned premium reserves, the ratio is even more conservative. Security shows 80c per $1.00 as already noted, Agricultural shows approximately $1.00, Fire Association 87c, Home 91c and Aetna 75c. Companies with exceptionally low ratios of unearned premium reserves to capital funds (i. e. conversely, high ratios of capital funds to unearned premium reserves) include: Boston 34c, Continental 34c, Fidelity Phenix 33c, Hartford 48c, Ins. of North American 35c, Phoenix 21c and St. Paul 31c.

Can U. S. Support A 300 Billion Dollar Debt?

(Continued from first page)

enlightening and since you request comments on the views expressed I address this letter to you.

I only hope that the views expressed by Dr. Saxon will prevail and that however heavy the burden, the people will decide to pay the debt we are building up in honest dollars. However I have my doubts.

In 1935, or to be exact in 1934, I instituted an action against the B. & O. Railroad for payment of some coupons in gold or its equivalent as a test of the "gold clause" in contracts. That suit was one of those which since became known as the "Gold Clause Cases," which were decided in February 1935. Everyone today admits that the decision of the Supreme Court was one not only of bad law but expediency to say the least. And at that time we had an unpacked court to decide cases on their merits.

Since that time the New Deal has made its own record and in my opinion has sacrificed the welfare of the country to the expediency of politics and the gathering in of votes at the elections. Moreover, the type of person appointed to high office has been such that they have cared little or nothing of financial morals.

They have among other things led the people to believe that the Government owes everyone a living, has not hesitated to dig into the public treasury via WPA, NYA and a host of other schemes to hand out money to the people in return for votes. The result is that today the American people are soft, bankrupt in ethics and financial morals, unwilling to put up with any hardships and the politicians in both parties have come to see that the way to obtain office is to cater and pander to the unthinking element of the population.

After the war, I fear that the people will not give a damn about the debt, or the bonds they bought, or the insurance policies they have paid for, or the money they may have in the savings banks, but ruthlessly rebel at the imposition of crushing taxes and demand repudiation of the debt, on the erroneous theory that the other fellow will be hurt and not themselves. At that time the dire prophecies of Lord Macauley in his now famous letter to John Randall written 100 years ago, wherein he predicts disaster for our country and in which he outlines the exact method will no doubt come true.

RUSSELL WEISMAN

Professor of Business & Economics, Western Reserve University and Chief Editorial Writer, The Cleveland Plain Dealer

I have read Dr. Saxon's article with interest and profit. I am very glad that attention is being called by your publication and by others to the serious implications of rapid public debt expansion. It seems to me current discussions of the inflation danger stress too much the matter of current prices rises and altogether too little the ultimate effects of heavy indebtedness upon the stability of our economy.

Rollback Of Fresh Vegetable Prices Cannot Be Enforced Senator Taft Declares

In spite of a warning by Senator Taft that the Office of Price Administration's fresh vegetable price rollback plan would not have a chance to be enforced, Richard Gilbert, OPA official, disclosed on June 8 that the OPA was planning a rollback of fresh vegetable prices, said an International News Service dispatch from Washington on June 8, which went on to say:

Mr. Gilbert, economic advisor to Price Administrator Brown, questioned at a Senate Banking and Currency Committee investigation, declared that "no affirmative action on the part of Congress is needed," to give OPA subsidy powers.

Senator Taft challenged this, saying:

"I don't think Congress had any such idea when it passed the Price Control Act and I do think the OPA has greatly stretched the intent of the act."

"A very poorly administered OPA is responsible for our present increases in living costs," Senator Taft added.

The OPA, Mr. Gilbert disclosed, also is planning a rollback on canned goods, the latter program being "still under consideration."

Senator Taft bitterly criticized the planned rollback on vegetable prices, calling it "the hardest of all to enforce."

Washichek Made A Director Of US Junior Chamber

Bernard J. Washichek, of A. W. Benkert & Co., Inc., New York, has been elected a National Director of the United States Junior Chamber of Commerce, it was announced June 8. Mr. Washichek will address the Executive Committee of the Chamber in Chicago tomorrow (June 11). That meeting will be followed by the annual meeting of the delegates, representing 1,000 or more local groups of the Chamber in Chicago from June 12 to June 14. The Chamber is at present conducting a national drive to help recruit 90,000 WAACS for the Army by July 1.

Interesting RR. Situations

The current situation in Delaware Lackawanna & Western Railroad Co., Boston & Maine Railroad, and Kansas City, St. Louis & Chicago Railroad Co. offer interesting possibilities according to a discussion of the current position of these issues contained in "Railroad Securities Quotations" issued by B. W. Pizzini & Co., 55 Broadway, New York City. Copies of the June issue of the "Quotations," containing comparative figures on guaranteed rail stocks, underlying mortgage railroad bond quotations, reorganization railroad bond quotations, minority stock quotations and guaranteed telegraph stock quotations, may be obtained from B. W. Pizzini & Co. upon request. A four-page comprehensive financial analysis of Delaware, Lackawanna & Western may also be had from the firm for the asking.

Attractive Possibilities Seen In Davis Coal & Coke

Common stock of the Davis Coal & Coke Co. offers an attractive situation, according to a memorandum just issued by Hill Thompson & Co., Inc., 120 Broadway, New York City, which calls attention to the fact that the 1942 dividends on this stock were over 13% on present price and the stock itself is selling currently at less than net quick asset value. Copies of this interesting memorandum describing the situation in detail may be had from the firm upon request.

Municipal News & Notes

American cities made the largest annual reduction of all time in their bonded debt structures during 1942, the National Municipal Review reported June 4. The total gross bonded debt of 343 cities of more than 30,000 population declined 3 per cent during the year to continue a downward trend in evidence for a six-year period. On Jan. 1, the 343 cities had an estimated gross bonded debt of $8,492,000,000.

Rosina Mohaupt, statistician for the Detroit Bureau of Governmental Research, wrote in the June issue of the review that the debt represented a per capita load of $166.75, as compared with a 1942 figure of $171, and a federal per capita debt of $814.50.

The decline in bonded debt of the municipalities, Miss Mohaupt said, resulted in a large measure from the part taken by the Federal Government in financing local capital improvements during the depression and to present inability of local governments to undertake improvements because of war restrictions. The policy adopted for financing of post-war programs will do much to accelerate or counteract this trend, she said.

Gross debt of a group of 240 cities reporting from 1938 to 1943 increased by ½ of 1%, the report said, but added that without the "undue influence" of New York City because of its disproportionate size, the gross debt fell 10% in the same period.

Trends Listed

The report listed the following trends:

1. Per capita net debt of four cities of more than 1,000,000 population, New York excepted, declined from $101.56 in 1942 to $98.72 in 1943, but these cities which "have shown the greatest reduction in debt over the last five years apparently are having difficulty in maintaining this enviable record." The 1943 decrease was 2.8%.

2. Per capita debt reduction in nine cities (500,000 to 4,000,000 population) remained constant at 5.5% in 1942 and 1943. Their five year debt reduction was 16.6%, second only to that of cities of more than 1,000,000.

3. Per capita debt of medium-sized cities (250,000 to 500,000) was reduced 4.8% for the second successive year.

4. Per capita debt reduction of smaller cities (30,000 to 250,000) was equal to or greater than the average of all cities of 4.7%."

The per capita net bonded debt, excluding utilities, reported for representative cities included:

New York, $117.61; Chicago, $71.59; Philadelphia, $133.63; Detroit, $151.72; Los Angeles, $57.95; Cleveland, $98.39; Baltimore, $163.19; St. Louis, $64.59; Boston, $77.90; Pittsburgh, $98.75; Washington, D. C., no bonded debt; San Francisco, $57.92; Milwaukee, $40.19; Buffalo, $144.52; New Orleans, $136.11; Newark, N. J., $152.79; Kansas City, Mo., $105.83; Atlanta, $26.53; Dallas, $80.16.

Port Authority To Assess Military Vehicles

The Commissioners of The Port of New York Authority have decided to assess tolls against military vehicles using Port Authority crossings, it was announced June 7. The step was made necessary by curtailed revenues resulting from the gasoline and rubber shortage. A method of billing will be worked out permitting military traffic to pass through toll lanes without interruption, as has already been done by other public bridge agencies. Existing Army regulations authorize the payment of tolls by military vehicles on ferries, toll bridges and for all forms of rail, air and other transportation. Military tolls are charged by many publicly owned bridges in New York State, including the Lake Champlain, Rouses Point, Thousand Islands and Peace Bridges. Fourteen ferries in the Port of New York District which compete with the interstate bridges and tunnels charge tolls to military vehicles.

Local Units Empowered To Establish Post-War Reserves

Wide interest of the nation's municipalities in preparing now for the postwar era is reflected by 1943 legislation giving cities and towns legal authority to build up cash reserve funds for public works construction after the war.

Seven state legislatures gave their local governments such authority this year, raising to 16 the number of states where local governmental units have been given legal authority by the state to lay money aside for the future, the American Municipal Association reports.

States taking action this year were Arizona, Connecticut, North Carolina, North Dakota, Minnesota, Pennsylvania and Rhode Island. The nine states enacting the legislation previous to 1943 were Oregon, California, Nebraska, New York, Michigan, Washington, Kentucky, New Jersey and Massachusetts.

Three of the latter states—Michigan, New Jersey and Oregon—broadened their previously-enacted statutes this year. Oregon, the association pointed out, was the first state to authorize municipalities to build up reserve funds, taking the action in 1931. Reason for the move at the time, a reason which the association says holds good today, was to help cities out of situations where they would be paying off long-term loans long after the projects for which the money was borrowed had worn out.

Of the 16 states, California, Connecticut, Minnesota, New York and Washington have the broadest laws. California cities are authorized by a 1937 law to set up cash reserve funds by ordinance which specifies their use, with no limit on the amount of tax levied for the purpose or the time levies may be imposed.

Connecticut cities and towns, under the new state law, may use surplus funds to build up a reserve fund, or they can make special levies up to 2 mills on the dollar. Such funds may be spent only for postwar construction. Under the Minnesota law local governments may levy taxes to support postwar funds, which may not be spent until one year after the end of the war.

The New York act authorizes the local governing body to make levies without limit on time or amount and without election; Washington's law is similar, but requires that purpose of any proposed levy must be specified in the ordinance making the levy and may be changed only by a majority vote at a general or special election.

The association said that cities of several states, including Wisconsin, have been setting up reserve funds by charter amendment, an action authorized by home rule provisions of the states.

In addition to postwar reserve fund measures enacted by the various states this year, two Canadian provinces — Ontario and Quebec—adopted legislation allowing their municipalities to set up cash reserves for the postwar period. Laws of the two provinces, broad in scope, are similar to those of several of the states.

State Income Tax Revenues Reviewed

Revenues from State income taxes have assumed new importance since the national economy has been geared to war, and they undoubtedly will increase in amount and importance as revenues from excise taxes fall off.

This conclusion was reached by the Federation of Tax Administrators after study of the State income tax picture for the last few years. The study showed the following:

After reaching a high of nearly $400,000,000 in 1938, based on 1937 incomes, collections for 1939 fell to approximately $330,000,000. But in succeeding fiscal years income tax collections increased at an accelerated rate, passing the $400,000,000 mark in 1941 and the $500,000,000 mark in 1942.

It should be noted, however, the Federation said, that individual State income tax collections made virtually no gains from 1941 to 1942, whereas corporation income taxes jumped from $153,000,000 to $269,000,000, an increase of 65%.

Figures for the first three quarters of the 1943 fiscal year continue the upward trend, the Federation said, though the rate of increase has fallen off considerably. Figures based on calendar years, which reflect more accurately changes in taxable income, reveal substantially the same trend.

Individual variations among States are great, the Federation said. In the 1942 calendar year, Mississippi collected more than twice as much—203.5%—from income taxes as it did in 1941, while collections for South Dakota in contrast decreased 30.5%. In most instances, variations can be accounted for to some degree by distribution of war activities or by legislation changes.

The 25% cut in New York's individual income tax payments, by far the largest in the United States, offset increased collections in other States to hold down the 1942 total individual income tax collections. Iowa followed in 1943 with a 50% cut, while South Dakota and West Virginia repealed their laws this year. South Dakota, however, will collect on 1942 income. Oregon has made several changes in its laws which, it is estimated, will reduce taxes on 1943 income in that State by as much as a third.

"The tendency for income tax collections to rise in the future will be offset by several factors," the Federation said. "Legislatures of States with large cash balances may repeal taxes or slash rates. Deduction of Federal taxes, permitted in most States levying the State income tax, will have an adverse effect on collections, particularly in States which derive large revenues from taxing corporate income, although the full effect of recent increases will not be felt until 1944. More and more potential taxpayers are entering the armed forces, thereby reducing their taxable income almost to the vanishing point.

The Federation said predictions of widespread adoption of State income taxes in those States which do not have them "seem thus far unfulfilled, although other States may follow the example of Delaware in levying flat rate income taxes similar to the Federal 'Victory tax.'"

With J. W. Yeaman

MARTINSVILLE, Va.—George C. Wiebel has become associated with John W. Yeaman, Burch Building, securities dealer, and will be in charge of the insurance end of the business. Mr. Wiebel has been assistant principal of the Martinsville High School for a number of years.

John Rust Heads Slate Of Municipal Forum

John J. Rust, Assistant Vice-President of Equitable Securities Corporation, has been chosen by the Nominating Committee as the candidate for presidency of The Municipal Forum of New York for the fiscal year 1943-44.

Other officers selected for election at the annual meeting to be held shortly are: Phillips T. Barbour, of The First Boston Corporation, Vice President; Elmo P. Brown, of United States Trust Company, to succeed himself as Secretary, and John R. Camp, of Central Hanover Bank and Trust Company, Treasurer.

Nominated for membership on the Board of Governors to serve three-year terms are: Carl O. Sayward, of United States Trust Company, and Thomas F. McEntee, of Adams, McEntee & Co., Inc.

Members of the Nominating Committee are: W. Manning Barr, of Barr Bros. & Co., Inc., chairman; Arnold Frye of Hawkins, Delafield & Longfellow; Otto H. Goettert, Central Hanover Bank & Trust Company; Sanders Shanks Jr., of The Daily Bond Buyer, and A. Edward Scherr, Jr., of the Dime Savings Bank.

Herbert J. Lacy Is With Van Tuyl & Abbe

Herbert J. Lacy is now associated with Van Tuyl & Abbe, 72 Wall Street, New York City, in their trading department. Mr. Lacy was formerly in the trading department of J. F. Reilly & Co., and prior thereto was with Doty, Fay & Co. and J. Arthur Warner & Co.

Gulf Oil Stock Offered Publicly At $47.50 A Share

Mellon Securities Corp. and associated underwriters offered June 7 764,500 shares of Gulf Oil Corp. capital stock at a price of $47.50 a share. The issue was fully subscribed.

The offering of the stock was made in behalf of a group of shareholders which includes Mellon Securities Corp., owner of 546,400 of the shares, and manager of the underwriting group. Members of the Mellon family and various trusts are listed in the prospetus as owners of approximately 70% of the 9,076,202 shares of Gulf Oil Corp. stock outstanding. The 764,500 offered yesterday represent approximately 8% of the total. The stock, which has a par value of $25, is traded on the New York Curb Exchange.

The prospectus, issued by Gulf Oil Corp. for the offering, reveals net crude-oil reserves amounting to $1,076,000,000 barrels in the United States, and $600,000,000 barrels in Venezuela. Of the Venezuelan reserve, one-half is under contract to be sold as produced.

The prospectus further discloses ownership, by a wholly-owned subsidiary, of 50% of the Kuwait Oil Co., Ltd. The latter company has a long-term concession, states the prospectus, to produce and refine crude oil in an area of approximately 3,897,155 acres of the State of Kuwait on the Persian Gulf.

Florida Bond Quotations

Clyde C. Pierce Corporation, Barnett Building, Jacksonville, Fla., has prepared an interesting circular containing quotations and information on Florida Municipal bonds. Copies of this circular may be had upon request from Clyde C. Pierce Corporation.

Hoover Urges Reorganization Of Food System—Offers Nine-Point Program To Clear Up 'Muddle'

(Continued from page 2162)

structive criticism. It is to contribute constructive suggestions. The only thing that counts now is to win victory and secure the peace.

To those who are not familiar with food problems, let me say that our food year is approximately from July when the harvest starts to the next July when it begins again.

We are still eating mostly on the 1942 production.

Newspaper headlines of official statements from Washington as to our present food year read:

"The most abundant harvest in 41 years."

"Harvest per acre 12% above all records."

"There are abundant food supplies."

"The ever-normal granary assures no shortages of food."

"Greatest food production in our history."

"We have more beef cattle, dairy cows and hogs than ever before."

"Food Administrator says food outlook is good."

This happiness and exultation in Washington did not seem to be reflected in the realistic land of housewives. A few quotations from many thousands of city press headlines over the last four months carry less enthusiasm.

New York City: "City facing first famine in our history." "Less than 20% of normal meat supplies for eight weeks." "Shops cannot supply the Government ration." "Prices above ceilings." "1,055 black market convictions."

"Mayor comes to the rescue and imports 600,000 pounds of potatoes."

Thus the Mayor was lighting up the dark scene with one potato for every third person among the 7,000,000 people in New York. The headlines blazed for days over the Mayor's having "secured 1,000,000 pounds of meat." That nourished each person with a gorge of meat equal to the weight of two silver dollars for just one meal. The Mayor, however, was doing his best to keep up good cheer.

Boston: "A desperate food shortage." Meat and vegetables nonexistent to thousands of families." "Arrivals lowest in history." "Hundred indicted in black markets."

San Francisco: "Shortage meat and vegetables critical all along the coast." And even in the food belt we hear:

Chicago: "Shortage of meat, vegetables; black markets all about." "Housewives cannot find meat promised on ration cards."

In Philadelphia, Baltimore, Cleveland, Seattle, Omaha, St. Louis and a dozen other cities are headlines of the same import. "Scarcity," "Famine," "Black Markets," "Shops Closing; Cannot Get the Ration in Meats, Fats, Vegetables."

Somewhat all this leads me to the notion that the situation is bewildering.

The statistics are also perplexing. The Department of Agriculture states that the extraordinarily favorable weather at last harvest gave us a 12% greater yield an acre than ever before in our history. It shows a greater production of meats and fats than ever before in our history. Lend-lease says we are shipping under 10% of our total meats and fats abroad. O. P. A. says it has rationed down meat consumption by 30%. Seaboard city marketing officials say not half of the meat and fat ration is available in the markets. Perhaps some statisticians can tie these figures together. They might also try to tie up the potato figures. I am aware of all the explanations. But one thing is certain. If the statistics are correct, and I do not challenge them, then some bureaucracy is strangling the flow of food from the farmer to the housewife.

But underlying all this turmoil there is a fundamental disorder. It may surprise some people to know that in the seven years between the harvests of 1932 and 1939, through Government restrictions, the acreage in 17 leading crops harvested was reduced by 47,000,000 acres. These 17 crops are about 95% of our whole harvested area.

When lend-lease was passed in March, 1941, we undertook thereby a vast increased burden of food production. Yet payments to farmers to restrict production were not all removed for the two plantings of '41 and '42. By 1942 we had recovered only 9,000,000 of these 47,000,000 lost acres in the 17 leading crops.

During the last year we were saved, and our Allies were saved, from disaster by the super-bumper crop. It is not likely to be repeated soon.

However, we have eaten our way to the end of that super-bumper crop. We may, therefore, explore the prospects for the next food year that is now just coming on the horizon.

Two years ago, one year ago, six months ago you and I warned that failure to place food production on an equality with munitions would bring disaster. Last Winter the Mid-West Governors, Congress, your organization, all of us, demanded drastic reforms in food control, increased manpower for the farms and more farm machinery. We wanted to recover more of the 47,000,000 lost acres.

Following this, the Department of Agriculture issued a report on "farmers' intentions to plant," indicating an increase of 4% in the acreage the coming year over that of last Summer. The implication of that figure to the public was a probable increase of 4% of food over the super-bumper harvest of last year. We vitally needed an increased production over last year. But to assure this with normal yields we should have had not a 4% increase but a 15% increase in planting. However, the use of this comforting 4% figure led the country into a statistical paradise. And such is the power of statistics that the demands for reform were flattened out. We were told we were alarmists and something worse.

We did secure part reforms. They were not accepted with the speed of light. But finally the War Department, after unkind remarks, gave concessions by deferring some farm boys from draft. The W. P. B. authorized a modest increase in farm machinery. One more agency was added to the eight separate and conflicting agencies dealing with food. It was all too little and too late.

Now let us examine what has become of this statistical paradise of increasing food supply. To present to you an independent view, I have canvassed the agricultural authorities in several leading farm States. These reports indicate that the 4% increase is likely to vanish. And the indication is that we shall have a normal, not an extraordinary, yield like that of last year. If so, we will have a decrease in the national grain crops of anything from 10% to 15% from that of last year. The outlook for wheat and rye is certainly a decrease of 260,000,000 bushels less than 1942, or at least 26%.

We have increased our flocks and herds beyond our ability to feed them without the lost 47,000,000 acres. The agricultural experts are estimating a shortage of 10% to 15% in full supply of feed for our animals during the next year. We can get some feed from Canada. But it appears that we will have about exhausted the surplus of feed of the whole North American continent during the next twelve months. Already we are feeding large amounts of wheat to our livestock and we are using it for industrial alcohol. By this time next year we will have a little surplus of bread grains beyond our own needs.

Thus our supply of food is declining while at the same time the demand is dangerously rising. And these decreases cannot be blamed upon floods which have destroyed less than one-half of 1%, nor upon the weather, for that promises about normal crops. Nor can they be laid upon the farmer.

The American farm folks are the most skilled farmers in the world. They produce more per person than any agricultural people on earth. They have done a heroic job in planting this crop with but little help. In January last they were promised an agricultural army of 3,500,000 city folks. But it has not arrived at the food front yet. They must be there before the harvest.

The blunt conclusion from all this is: (a) Our cities will have less food supply during the next winter and spring even than they had in the last few months; (b) We will not starve; (c) We can, by better organization and by tightening our belts, continue to feed our Allies; (d) If the war in Europe should come to an end within the next twelve months, we should have no consequential food supplies with which to meet three or four hundred millions of starving people.

Remedy for the 1943 harvest year is now too late, as the planting is mostly done. We must begin to build up the harvest of a year from now. That is in 1944.

We still have time to redeem the situation. If it is to be redeemed, we must have far wider vision. We must have drastic changes in national policies.

We simply must take seriously certain elemental facts. We must realize that the major burden of the world's food front falls on the North American farmer and the American consumer. We must realize that in peace time on balance, we are a food importing country and today we are blockaded against many imports. We must furnish extra food to our military forces. We must ship large amounts of food to our allies to support them in the war. We must realize that there is a minimum level in food for our 130,000,000 civilians without impairing their physical and moral resistance.

And we have also pledged ourselves to hundreds of millions of people in the world that they will be rescued from the terrible famine which has been brought upon them by a monstrous enemy. Without this action there will be no peace.

We must realize that this food shortage will last for a minimum of four and possibly six years. These are stupendous burdens.

But we have an answer to Hitler.

We can ration down our own consumption further with good management. And we can make sure that we do not lose the war on the food front if we stop the degeneration in agriculture and bring in a far greater production in 1944. We must do it. Otherwise we are headed for a world trouble. We have the resources to do it.

As a foundation for 1944 we must get all that lost 47,000,000 acres back into cultivation. To do that, our authorities must decide whether they will spare the manpower and farm machinery manufacture from other activities. And we must begin now or again it will be too late and too little.

Organizing the food front means far more than just increasing acreage, manpower, and farm machinery. It also requires wise co-ordination, of prices, of processors, of distributors and rationing.

A month ago the press reported a spokesman of the O. P. A. as saying "food prices and food distribution are out of control." It was denied by another spokesman the next day. But the second spokesman had not discussed it with the housewives nor with the farmers. However, when we are fighting a war grief over spilled milk does not make more milk. Our question must be, where do we go from here?

There is only one course which will clear up this muddle of uncontrolled food prices, local famines, profiteering, black markets and stifled farm production. That is to abandon the obsolete methods now in use which were proved a failure in other nations, in the last war, or are copied from the British, whose situation is wholly different from ours. We should start with the system which proved a success under the Americans in the last war and improve it.

And let me say this about food control while we were in the last war.

We steadily increased our food production. We shipped more food to our Allies monthly than is being shipped today. We had no local famines in the United States as we are having now. We had no black markets. We had a people zealous in a moral crusade to help win the war with food, instead of lots of people trying to beat the game. Including the Department of Agriculture, we had only 23,000 paid Federal employees connected with food. Today we have over 120,000. Moreover, food prices rose only 17.9% in the 17 months after we declared war in 1917. Washington statisticians admit a rise of 24.3% in the 17 months since Pearl Harbor. The housewives will admit a rise of at least 35%.

I do not pretend that our methods were perfect in that war. We had to pioneer an unknown field. Results ought to be better in this war and not worse.

But what should we do now?

First. The first necessity is to consolidate all authority over food production and distribution under one single responsible administrator. There are too many cooks for too little food. Control of food is now divided nine ways over the Department of Agriculture, the O. P. A., the Lend-Lease, the Board of Economic Warfare, the Army, the Navy, the Man-Power Commission and the W. P. B.

The recent addition of the ninth wheel even though so able a man as Mr. Chester Davis as Food Administrator does not make a food administration. The food functions of all these agencies must be moved into his office. He must have the right to hire and fire. The Food Administrator must today be Secretary of Agriculture. And the importance of food in the outcome of the war and peace should be recognized by his appointment to the new Office of War Mobilization.

Second. Decentralize the work under State, municipal and county administrators. In no other way can farmers' and consumers' needs be adjusted to our varied local conditions.

Third. Increase the manpower on the farms to a higher level than before the war and plant 40 or 50 million acres more in 1944 than in this year. On this question of manpower I offer a suggestion because we must have more skilled labor on the farms.

Public pressure upon our farm boys to join the forces is very great. They are not slackers and do not want to be called slackers. They do not want their gates painted yellow. They are doing a great and indispensable service. If we are to save this situation, I believe farm boys should be called to the Army from the farms immediately after this harvest; that the farm boys should be called up from industry; that they should be given some military training. Then as many of them as are necessary should from time to time be ordered back to the farms with their uniforms. They should receive their pay from the farms, and not the Army. They should be subject to call in national danger. That would give dignity to their service. They could constitute a great national reserve both for production of food and the direct military effort.

Fourth. Agricultural machinery on an average lasts about twelve years. Theoretically about one year's supply or one-twelfth of our machinery has been used up through suppression of manufacture. It will also require great additions to handle this extra 40 or 50 million acres in 1944.

Fifth. Abolish the system of retail and wholesale price ceilings. It begins at the wrong end. Price fixing in a great food-producing country must begin as near as possible to the farmer and controls proceed from there on by regulation of the trades against profiteering. Prices rose less when this system was applied in the last war than they have under the present retail ceilings. We must regulate the flow of water at the nozzle instead of chasing the drops from the shower.

This present price system is stifling farm production. It is not stopping inflation.

Sixth. Ask the farmers to appoint their own war committee on prices and do a little collective bargaining with them in fixing prices. The so-called "parities" should be abandoned for the war. Prices to the farmer must include floors as well as ceilings. Prices should be fixed that will take into account labor and other costs, and above all, that will stimulate production.

Such a revolution in the price system would save a few tens of thousands of policemen. It is difficult to catch an economic force with a policeman, anyway.

Seventh. Rations should be set to balance consumption to production. It only adds muddle to put the ration higher than the available supplies. And it brings great injustice, for some people get the ration and some don't. We should simplify the whole rationing business by over 50% or 60%. It can be done by decreasing the number and variety of articles rationed and by excluding all absolutely non-essential food from rationing.

It would certainly give a mighty lift of spirit to the housewife and to the grocer. Also, it would save some of their time for other war duties. Also a good way to check inflation is to let food luxuries go to the highest bidder. That would spigot off spare money and get it into channels where the 90% profit taxes can bite into it.

Eighth. We should recognize that processing and distributing foods are righteous and necessary callings. Thousands of small firms are being driven out of business. It would help win the war if left-wing reforms in our food economy were suspended for the duration. We should establish war committees in all the processing and distributing trades. They should be given major responsibilities in keeping the flow of food moving to the right spots. They could greatly assist State and local officials in policing the trades. They, too, have sons in the war. They are just as patiotic men as lawyers and economists. They are the only people who know how. Their interest is to stamp out black markets. And their profits can be absolutely controlled.

Enforce the condition of dealers' licenses so that they may deal only with another licensed dealer and then direct the railways and trucks to transport only for licensed dealers. This would stop most of the black markets.

Ninth. Such a system will avoid subsidies either to farmers or the trades or the consumers. Subsidies will not stop inflation. Subsidies are a delayed aggravation. The New York "Times" proper-

ly says they "do not in the least deal with primary causes. They are like cleaning a room by sweeping the dirt under the bed.'

And who is supposed to benefit by subsidies? It is supposed to be the worker, but the worker is also the taxpayer. So is the farmer. And taxes are, sooner or later, increased by just the same amount as the subsidy. Subsidies consist of taking money out of one pocket and putting it into another with an illusion attached that the cost of living has been reduced. It is both more painful and more costly to take money out of the tax pocket than it is to get it out of the price pocket. A wage based on subsidy foundations will break down sooner or later. Moreover, subsidy money increases Government borrowing and debt to the banks and that adds to inflation pressure. Far more serious, however, is the result to the farmer and the consumer. Price fixing based on any such concept will strangle production. Its operation in the distribution trades will clog the flow of commodities and will in the end increase prices and black markets. Likewise, subsidies can become a weapon of favoritism or of punishment in the lands of the huge bureaucracy. They will sooner or later lead to scandal.

If these broad lines, policies, and organization be adopted then food will flow naturally from farm to processor to wholesaler, to retailer and to the consumer. Prices will be better restrained. They will be lower, for the black markets can be blacked out. The housewives will have less trouble and worry. And above all, farm production will be stimulated, not stifled.

But over and beyond better methods of food control, we must absolutely assure the maximum production of America.

Let me say again that that is the only road that leads to the defeat of inflation, to decreased hardship in our homes, to assured support of our Allies and to peace for mankind.

If those in power and those not in power shall have wisdom, implacable resolve, a spirit of sacrifice, the field of America will blossom with an abundant life that will save vast human life in a world given to human destruction.

Coal Strike Called Off

Nearly all of the approximately half million of coal miners who went on a general strike on Tuesday, June 1, returned to work on Monday, June 7, following the adoption by the policy committee of the United Mine Workers of America of the recommendation of John L. Lewis that this action be taken. This new strike truce will expire on June 20. On June 4, Secretary of the Interior, Harold L. Ickes, Federal Operator of the coal mines, released a letter he sent to Mr. Lewis, in which he said: "As operator of the coal mines on behalf of the United States Government, I expect that you will direct the members of the U. M. W. of A. to return to work on Monday, June 7."

With the end of the strike, the wage controversy will revert to the National War Labor Board. Collective-bargaining negotiations were immediately resumed (on June 7) between the miners and the operators, but, it was reported, ran into a snag over the question of portal-to-portal pay.

Chicago North Westerns Situation Of Interest

The Chicago North Western income 4½s of 1999 "when issued" offer an interesting situation, according to a circular now being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be obtained upon request from the firm.

The Future Of The Oil Industry

(Continued from page 2163)

war started. Cargo transportation by air is expected to be multiplied by three or four.

"On the railroads' use of diesel locomotives was constantly increasing even before the war. Economies being developed in fuel cost and in maintenance and operating expense will speed this trend.

"Ocean shipping, too, has greatly increased as a part of the war effort. After the war international trade will be called upon to meet pent-up demand for the exchange of commodities direly needed by all nations. The great bulk of this hauling must be done by ocean shipping. At the beginning of World War I only 5% of the world's ship tonnage was oil-burning. At the beginning of the present war this percentage had increased to about 50%. This trend, too, will continue to develop in the post-war world. After the war the operating merchant tonnage seems likely to be preponderantly oil-fired.

"Thus transportation — whether by automobile, airplane, bus, truck, by diesel-powered train or ship—will expand rapidly its demands for petrolem.

"Fields of demand other than transportation are also opening up. The use of oils for domestic heating purposes has proved convenient and desirable. Its expansion in the post-war fields seems inevitable as the pent-up demand for new home construction is met.

"All of this considers only developments within the United States. In the world outside of our borders, it seems inevitable that highly developed areas must also turn to greater use of transport and power.

"What is probably more important, areas traditionally considered remote undoubtedly face an era of general development.

"For example, mineral wealth in such parts of the world as Canada, South America, Africa and Asia will no longer be dependent upon roads and railroads for their developments. They can now be opened up through the use of air transport. People we scarcely know now will be close neighbors tomorrow.

"This, then, is the world of civilization-on-the-march that seems to be ahead for us.

"But the post-war world cannot be measured in terms of economics alone.

"The post-war world will offer to all of us another chance to work out better ways in which men can live together under the Four Freedoms.

"American business has a great responsibility in this task. For every man, freedom of opportunity starts with a job. No political philosophy can work for long if it does not give men jobs—and ladders out of those jobs into better jobs for men who are able and ambitious.

"For more than 150 years the democratic system of free enterprise in this country has created jobs for the people of this country. There came a time when we failed to create and **assure** jobs—when the numbers of unemployed reached critical high levels.

"We cannot let that happen again.

"That is the responsibility of American Business. Standard Oil Company hopes to fulfill its share of that responsibility in plans for the world of tomorrow."

Industrial Production Nearing Its Peak?

(Continued from page 2163)

the war continues in both the European and Asiatic theatres. Combined war and civilian demands are beyond our productive capacity to meet fully. Furthermore, while the peak may be near from the point of view of volume, it might be a year or more off from the point of view of time.

Capacity Production Still Indicated

Hence, in the first place, the prospect is for a further rise in industrial production, even though gradual or irregular, and somewhat limited. Secondly, no significant decline is in prospect while the war continues global, and the available labor force should, apart from strikes, continue fully employed. This means that national income also will continue at extremely high levels.

Indeed, except for irregularities caused by reconversion to civilian uses, it is at least probable that neither the expected ending of the war in Europe before it ends in the East, nor the final victory and peace will necessarily cause an extended and heavy decline in production.

And there is another highly important consideration. In 1942, industrial production averaged 181 in the Federal Reserve Index, against 156 in 1941. Yet corporate earnings showed an average decline of about 15% from 1941 to 1942. In normal times, greater business activity, in which industrial production is the most important element, would mean higher earnings. Of course, the normal relationship between business activity and corporate earnings has been greatly distorted by wartime taxes, and by profit margin variations arising from such factors as price ceilings, production limitations, unfamiliar products, and government contract considerations.

Thus a levelling out of industrial production need not be significant from the earnings standpoint; a further rise in production might not be significant either. Just as high tax rates have prevented high pre-tax income from being carried through (partly or even entirely) to earnings after taxes, such high rates would also cushion earnings declines.

In 1929, industrial production averaged 110. In 1937, it averaged 113. These are extremely low figures by present standards, yet both years showed high corporate earnings. At present, of course, comparable levels from an earnings standpoint would have to be much higher. But it is worth considering that, at some future time when taxes are lower and conditions more normal, earnings substantially higher than those now being shown could well accompany industrial production (and general business activity comparable on a normal basis to industrial production) substantially below current levels.

Conclusion

Though industrial production may not be far from volume peak, full utilization of capacity and manpower can be expected while the global war lasts. Closeness to the production peak has not necessarily wide significance from the general corporate earnings standpoint, though effects as between industry and industry, or in individual companies, may be important. It should likewise be remembered that market prices for securities tend to give weight not only to present factors of production and earnings, but also to future factors such as post-war trends and post-war positions of various industries.—*Economics & Investment Dept., National Securities and Research Corporation, New York City.*

Union Complies With Skip-A-Day Delivery

The Milk Wagon Drivers Union, an A. F. of L. affiliate, on Friday, June 4, agreed to comply with the skip-a-day delivery plan and permit the National War Labor Board to settle its dispute with the milk companies in Metropolitan New York, Westchester County (N. Y) and Northern New Jersey, after a one-day milk drought. Milk trucks loaded to capacity rolled through the City of New York on Saturday, June 5, although half of the doorstep deliveries scheduled by one of the larger milk companies for Manhattan were tied up by untractable drivers who refused to heed an appeal from Mayor F. H. LaGuardia of New York and orders from the union.

On Sunday, June 6, the city's milk supply crisis appeared to have passed as members of the union operated fully in enforcement of the skip-a-day order for doorstep deliveries.

Hincks Bros. Acquires F. T. Phillips Business

WATERBURY, CONN.—Hincks Brothers & Co., Inc., is acquiring the investment business of the Francis T. Phillips Company. William T. Moore, previously with the Phillips Company, has become associated with Hincks Bros. & Co., which maintains a Waterbury office at 111 West Main St.

Nehemiah Friedman With Abraham Arbitrage Dept.

Nehemiah Friedman is now with Abraham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, in their arbitrage department. Mr. Friedman in the past was trading manager for Albert Fried & Co., and was with Gearhart & Lichenstein and M. S. Wien & Co.

New Faroll Bros. Partner

Winfield H. Schweickart will become a partner in Faroll Bros., members of the New York and Chicago Stock Exchanges, as of June 15. Mr. Schweickart will make his headquarters at the firm's New York office, 29 Broadway.

Peoples Lt. & Pr. Interesting

An interesting circular on the preferred stock of Peoples Light & Power Co. has been prepared for distribution by Doyle, O'Connor & Co., Incorporated, 135 South La Salle Street, Chicago, Ill. Copies may be had from the firm upon request.

Situations of Interest

Federal Machine & Welder Co. and Purolator Products, Inc., offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

Dr. A. Loudon Says Political Stability Is Necessary For Economic Security

Dr. A. Loudon, Ambassador of the Netherlands to the United States, in an address before the Economic Club of New York at the Hotel Astor on June 8, contended that the main lesson of the last 25 years is that there can be no economic security without political stability. The New York "Times" of June 9, from which the foregoing is taken, indicated the further remarks of Dr. Loudon as follows:

"If international security is achieved, the struggle for self-sufficiency, so aggressively selfish, may well abate," Dr. Loudon said. "On the other hand, should we witness once more a situation of international insecurity such as occurred in the inter-war period, then we must be prepared to see the mad pursuit of autarchy resumed."

Dr. Loudon declared that among the dangers which will develop after the war are currency inflation and the resultant threat of exchange dumping. He said it is vitally important that the United Nations agree on some plan for international currency regulation to lessen this danger.

"If chaos is to be avoided, monetary stability between the principal currencies of the world will have to be assured," the Netherlands envoy said. "This does not mean that the external value of any currency could not be modified if it were seriously strained. On the contrary, it is now understood that a certain flexibility which could not be achieved under the gold standard is desirable.

"But it does mean that the participating governments will endeavor to abstain from disturbing the system of international exchange on which they will have agreed, and that no country will modify the exchange value of its own currency without prior consultations with the other nations."

The chances are that Holland will have changed positions from a creditor country to a debtor country by the end of the war, and several other nations may find themselves in the same position, Dr. Loudon said. He pointed out that this was bound to cause them to limit their imports to the foreign exchange which they could buy with their exports.

Post-War Aviation

(Continued from first page)

make aviation of more direct service to more and more people throughout the world.

The engineering developments that will help to bring this about are already taking shape in the military planes of today. Developments forced by war, many of them now secret, will be converted for commercial use after the war to make flying safer and more practical.

At the Boeing Aircraft Company, for instance, the engineering force which created and developed the Flying Fortress, the Stratoliner, and the largest Pan American Clippers, has been constantly enlarged until it now numbers not hundreds but thousands. These engineers are engaged in many phases of research and design and detail engineering devoted to the improvement of military airplanes to speed the completion of the war. Scores of engineering fields, electrical, hydraulic, acoustical, radio, refrigerating, architectural, metallurgical, structural, aerodynamic, and many others are represented—a wealth of engineering talent to be one day unleashed on the job of making better products for a peacetime world.

The opportunities for development of post-war aviation lie in several directions — passenger transportation, private flying, first class mail, air express and air air freight. Not all should be expected to mature immediately and suddenly, the development of these fields will have to come not merely from desire, but from economic justification. Air cargo, for instance, has competitive limitations where weight and bulk are concerned. On the other hand there are extensive opportunities in many foreign countries that are under-developed because of lack of adequate transportation.

The post-war opportunity before us will be that of making a war-developed aviation industry serve to build a better, more united world.

STANY Ambulance Fund Drive Progresses

(Continued from page 2162)

Van Alstyne, Noel and Co.
M. Edwin Birkins
D. F. Bernheimer & Co., Inc.
F. H. Winter & Co.
Lober Bros. & Co.
Tellier and Co.
F. William Harder
H. L. Schwamm & Co.
Frank L. Scheffey
Samuel W. Stern
William H. Hays, Jr.
Arthur W. Marks
Cornelius B. Sheridan
B. S. Lichtenstein
Eastman, Dillon & Co.
Scott, Horner & Mason, Inc.
Bendix, Luitweiler & Co.
F. Buell
Gertler, Stearns & Co.
Stern, Lauer & Co.
Elam Miller
Collin, Norton & Co.
Asiel & Co.
Charles King & Co.
J. A. Ritchie & Co., Inc.
George E. Rieber
Harris Upham & Co.
B. W. Pizzini & Co.
Abraham & Co.
E. H. Gibb & Co.
Bernard, Winkler & Co.
Pflugfelder, Bampton & Rust
T. J. Feibleman & Co.
G. A. Saxton & Co., Inc.
C. J. Aal
Karl Aal
Carl Marks & Co., Inc.
Alfred I. Abel
Carl Stalle
Arthur Bertch
A. L. Stamm & Co.
Employees—A. L. Stamm & Co.
Employees—Abraham & Co.
J. M. Macdonald
W. F. Saunders
Wood, Gundy & Co.
Bacon, Stevenson & Co.
Laurie & Co.
Al Marsland
National Quotation Bureau, Inc.
Cowan & Co.
C. E. de Willers & Co.
120 Broadway Gym & Health Club
Jacques Coe & Co.
Harvey Fisk & Sons
Gruntal & Co.
King & King
A. E. Ames & Co.
Dominion Securities Corporation

Members of the Committee are: Walter F. Saunders, Dominion Securities Corporation, Chairman; Jerry Aal, Abraham & Co.; Chester de Willers, C. E. de Willers & Co.; Michael J. Heaney, Joseph McManus & Co.; Thomas A. Larkin, Goodbody & Co.; John J. O'Kane, John J. O'Kane Jr. & Co.; Harry Peiser, Ira Haupt & Co.; Fred Preller, Eastman, Dillon & Co.; Abraham Strauss, Strauss Bros.; Edward Thompson, Smith, Barney & Co.; and Robert Torpie, Merrill Lynch, Pierce, Fenner & Beane.

Sentenced In Stock Fraud

Edmund B. Bronson, former head of the Bagdad Copper Corporation, was sentenced in Federal Court to 18 months in prison on conviction for mail fraud, violation of the Securities and Exchange Act and conspiracy in connection with a scheme to defraud Bagdad stockholders by creating an artificial rise in price of the company's stock.

James Ward and Howard Phillips, also defandants in the case, were fined $1,000 each and given suspended sentences of 18 months.

Morgenthau Urges All To Put 25% Of Income Into War Bonds

Secretary of the Treasury Morgenthau declared on June 2 that by the end of this year the average American family should be investing about 25% of its net income after taxes in war bonds. The Secretary made this statement at a press conference in Newark, N. J., after attending a luncheon meeting with New Jersey leaders of war finance. Mr. Morgenthau, explaining the need for larger investments by the public, said:

"Of the $45,000,000,000 still necessary to complete our war financing needs for 1943, at least $18,000,000,000, or almost 25% of the national income for the remainder of the year, should come from purchases of bonds by individuals.

"From those workers earning $1,000 to $5,000 net, who will have seven-eighths of all the current individual savings, 25 cents of each dollar is not too much to expect. In fact, they should and must invest more if our goal is to be met."

Special advices from Newark June 2 to the New York "Times" further indicated Secretary Morgenthau as saying:

Mr. Morgenthau explained that "family income" meant income remaining after deduction of taxes. Asked whether he thought institution of the plan under which income taxes would be deducted at the source might not hamper his efforts to obtain wider bond purchases by the "little man," he replied:

"At the beginning, I think, we will meet with a little opposition. But after deduction at the source is understood, it will not make much difference to people who have been investing regularly. This has been established by surveys that have been made by the Treasury Department."

Mr. Morgenthau gave the interview in the Essex Club here this afternoon after he had addressed 40 New Jersey business and financial leaders on arrangements made to streamline the State's bond-selling organization. These arrangements stem from a master plan formulated in Washington, under which bond-selling activities throughout the country are to be headed in each State by a single committee instead of being organized under 12 Federal Reserve banks.

Regarding this, the New York "Herald Tribune," in advices from Newark June 2, said:

In his address to the bond-selling group here, the Secretary formally merged the War Savings staff and the Victory Fund committee of New Jersey, setting up the combined organization on State lines. Colonel Franklin D'Olier, President of Prudential Insurance Co. and former Chairman of the New Jersey War Savings staff, was appointed to head the combined organization, and Horace K. Corbin, President of Fidelity Union Trust Co. and former head of the local Victory Fund committee, was named Vice-Chairman.

Hession Sentenced

John W. Hession, financial analyst, was sentenced to prison for a year and a day in Federal Court, following his conviction on charges of mail fraud and violation of the Securities Act in connection with his manipulation of the price of Superior & Duluth Division bonds of the Wisconsin Central Railroad.

Arnold R. Hanson and S. Wellmer Hanson, partners in the New York securities firm of Hanson & Hanson, were acquitted of similar charges.

The Business Man's Bookshelf

WANTED—AN ECONOMIC UNION OF NATIONS—Report of speeches delivered at a public meeting held under the auspices of the Citizens Conference on International Economic Union, 105 East 22nd St., New York City—Paper—25¢.

WARTIME FACTS AND POST-WAR PROBLEMS — Twentieth Century Fund, 330 West 42nd St., New York City—Paper—50¢.

POST WAR PLANNING IN THE UNITED STATES—An Organization Directory—Twentieth Century Fund, 330 West 42nd St., New York City—Paper—$1.00.

PUBLIC TRUSTEESHIP—Norman Stewart Heaney—Johns Hopkins University Studies in Historical and Political Science—Johns Hopkins Press, Baltimore, Md.—Paper—$1.50.

NEW PHILOSOPHY OF PUBLIC DEBT, THE—Harold G. Moulton—The Brookings Institution, Washington, D. C.—Paper.

PROBLEMS OF LASTING PEACE, THE—Revised Edition—Herbert Hoover and Hugh Gibson—Doubleday, Doran & Company, Inc., Garden City, N. Y.—Cloth—$2.00.

TRANSITION FROM WAR TO PEACE ECONOMY—Report of the Delegation on Economic Depressions Part I—League of Nations Publication 1943. II.A.3—Columbia University Press, New York, N. Y.—Paper—$1.00.

WORLD TRADE IN AGRICULTURAL PRODUCTS—Henry C. Taylor and Anne Dewees Taylor—The Macmillan Company, 60 Fifth Avenue, New York, N. Y.—Cloth—$3.50.

ASSIGNATS, THE—The depreciation of a paper currency—Shepard Pond — reprinted from The Numismatist, January 1935 by courtesy of the Board of Governors, American Numismatic Association—Boston Numismatic Society, Boston, Mass.—paper.

RADIO NETWORKS AND THE FEDERAL GOVERNMENT—Thomas Porter Robinson—Columbia University Press, New York City—Cloth — $3.50 — publication date June 12, 1943.

REPORT OF THE WARTIME PRICES AND TRADE BOARD—September 3, 1939, to March 31, 1943, for the Dominion of Canada—Printed by Edmond Cloutier, Ottawa, Ont., Canada—paper.

SMALL LOAN BUSINESS, THE, and how its helps the people of New York State — New York State Association of Small Loan Companies, 60 East 42nd Street, New York City—paper.

SEC Registration Revoked

The Securities and Exchange Commission has formally revoked the registration of H. Vaughan Clarke of Philadelphia as a broker-dealer. Mr. Clarke had been sentenced in April by a Federal Court in New York to 90 days in prison and fined $1,000 on charges of mail fraud and conspiracy to violate the Securities Act of 1933. The charges were similar to those lodged in the Federal Court in connection with dealings in stock of the Kinsey Distilling Company, of which Clarke was President at one time.

Proceedings to determine whether he should be expelled from the National Association of Securities Dealers were discontinued since the membership had already been cancelled for non-payment of assessments.

Food Shortage Caused By Government Control

The growing food shortage which is being felt in New York State was blamed on June 8 by Governor Dewey's Emergency Food Commission on Government mismanagement of price ceilings and crop control, said the New York "Journal American" of June 8, which also had the following to say:

After studying the first report submitted to him by the EFC, Governor Dewey said its contents "scream of crisis."

"As is always the case, a nation at war moves from a meat diet to a grain diet," the report said.

It emphasized that Federal action is needed to enable the State's 13,500,000 residents to make the change to a cereal diet without injuring their health.

Victory gardens, home food preservation and the stepping up of productive efforts of farmers will be of no avail, the EFC said, unless there is an alteration of the present price and crop control program.

"Obviously," it pointed out, "our capacity to assist the rest of the world is even more gravely in jeopardy."

"Steps taken by the Federal Government to increase food production have been merely added to agricultural programs established during the 30's and designed to restrict production.

"These restrictive programs, although modified, are still applied and limit the acreage of the best-adapted crops than can be grown, thus preventing farmers from freely organizing their resources for maximum production of essential foods."

The report, recommending a cutting down to a minimum on animal products such as meat, milk and eggs in favor of greater human use of wheat, beans, soybeans, corn and similar products, and in liquidating part of present livestocks, urged that the approach should be made on a truly scientific basis.

Ten NY Meat Packing Plants Closed Because Of Price Ceilings

Ten independent veal and lamb packers have closed their slaughter houses in the New York City area in the last few days and another is expected to close this week because of the price ceilings, said the New York "Journal American" of June 8, which added:

Anthony Lester, business agent for Local 5, Packing House Workers' Union, who made the announcement, said the firms have done 70% of the slaughtering of kosher veal and lamb sold in the city.

Much of the veal and lamb distributed by the closed firms has been supplied to the Army and Navy, as well as for civilian consumption.

Lester listed the firms that shut down as follows:

Eastern Veal & Mutton Co., J. Rothman & Co., Manhattan Veal & Mutton Co., D. Blumberg & Sons, Emanuel Straus, Victory Veal Co., American Veal Co., Feldman Brothers (14th St. veal firm—there is a beef firm by the same name), Charles Beekman & Zucker & Friend.

An eleventh firm, Miller Abattoir, in North Bergen, N. J., will close at the end of the week, Mr. Lester said.

The closing of these firms, which slaughtered 20,000 carcasses a week, means the loss of jobs for 3,000 men in the slaughter houses, wholesale and retail shops, he said.

Calendar of New Security Flotations

OFFERINGS

ARMOUR & CO. OF DELAWARE

Armour & Co. of Delaware has filed a registration statement for $35,000,000 35-year 7% cumulative income debentures, due April 1, 1978.

Address—43rd Street and Racine Ave., Union Stock Yards, Chicago, Ill.

Business—Engaged in meat packing business, operating packing plants in North and South America for the slaugther of livestock and the processing of meats and animal products and for by-products. In conjunction with their meat packing operations. company and subsidiaries manufacture butter and cheese and various other products.

Underwriting—Kuhn, Loeb & Co., New York, head the underwriting group. Others to be supplied by amendment.

Offering—Company offers to the holders of its outstanding 523,581 shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share, the right to exchange such shares for the debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject, if the total number of shares of preferred stock deposited for exchange would require more than the entire issue of debentures, to allotment of the debentures by the company. The debentures not taken upon the exchange offer have been underwritten and will be offered to the public at a price to be fixed by amendment.

The exchange offer will expire at 3 p.m. June 3, 1943, local War Time, in the city of the depositary. Depositaries are Chase National Bank, New York; Continental Illinois National Bank & Trust Co., Chicago, and Bank of America N. T. & S. A., San Francisco.

Proceeds—Company intends to apply the net proceeds of the debentures not taken in exchange pursuant to the exchange offer, with any other funds in the treasury which may be necessary, to the redemption of a par amount of 7% guaranteed cumulative preferred stock of the company which, with the shares acquired pursuant to the exchange offer, will retire $35,000,000 par amount of such preferred stock.

Registration Statement No. 2-5134. Form A-2 (4-29-43).

Armour & Co. of Delaware filed an amendment to its registration statement on its proposed issue of $35,000,000 7% cumulative income debentures due April 1, 1978, which lists a nation-wide group of 90 underwriters. The company offers to the holders of its 523,581 outstanding shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share the right to exchange such shares for debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject to allotment if required. The offer to stockholders will expire at 3 p.m., June 3, 1943.

The debentures not taken upon the exchange offer have been underwritten, with the names of underwriters and amounts subscribed listed as follows: Kuhn, Loeb & Co., N. Y., $2,500,000; First Boston Corp., N. Y., $1,500,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Bacon, Whipple & Co., Chicago, $250,000; Baker, Watts & Co., $150,000; Ball, Coons & Co., Cleveland, $100,000; A. G. Becker & Co., Inc., N. Y., $600,000; Blair, Bonner & Co., Chicago, $200,000; Blyth & Co., Inc., N. Y., $1,000,000; Alex. Brown & Sons, Baltimore, $350,000; H. M. Byllesby & Co., Inc., Chicago, $200,000; Central Republic Co., Inc., $350,000; E. W. Clark & Co., $250,000; Coffin & Burr, Inc., Boston, $300,000; Curtiss, House & Co., Cleveland, $150,000; Dempsey-Detmer & Co., Chicago, $100,000; Dick & Merle-Smith, N. Y., $200,000; Dominick & Dominick, N. Y., $500,000; Drexel & Co., Philadelphia, $600,000; Eastman, Dillon & Co., N. Y., $500,000; Emanuel & Co., N. Y., $200,000; Equitable Securities Corp., N. Y., $200,000; Estabrook & Co., Boston, $300,000; Fahey, Clark & Co., Cleveland, $100,000; Farwell, Chapman & Co., Chicago, $200,000; Ferris & Hardgrove, Seattle, $100,000; Field, Richards & Co., Cleveland, $150,000; First Cleveland Corp., Cleveland, $150,000; First of Michigan Corp., Detroit, $200,000; Glore, Forgan & Co., N. Y., $750,000; Glover & MacGregor, Inc., Pittsburgh, $100,000; Goldman, Sachs & Co., N. Y., $1,000,000; Graham, Parsons & Co., Philadelphia, $200,000; Grubbs, Scott & Co., Pittsburgh, $100,000; Hallgarten & Co., N. Y., $500,000; Harriman Ripley & Co., Inc., N. Y., $1,200,000; Harris, Hall & Co., Inc., Chicago, $350,000; Hawley, Shepard & Co., Cleveland, $200,000; Hayden, Miller & Co., Cleveland, $250,000; Hayden, Stone & Co., N. Y., $500,000; Hemphill, Noyes & Co., N. Y., $500,000; Hill & Co., Cincinnati, $100,000; J. J. B. Hilliard & Son, Louisville, $150,000; Hornblower & Weeks, N. Y., $500,000; W. E. Hutton & Co., N. Y., $500,000; Illinois Company of Chicago, Chicago, $300,000; Kebbon, McCormick & Co., Chicago, $250,000; Kidder, Peabody & Co., N. Y., $750,000; Ladenburg, Thalmann & Co., N. Y., $750,000; W. C. Langley & Co., N. Y., $300,000; Lazard Freres & Co., N. Y., $750,000; Lee Higginson Corp., N. Y., $1,000,000; Lehman Brothers, N. Y., $1,000,000; Carl M. Loeb, Rhoades & Co., N. Y., $300,000; Mackubin, Legg & Co., Baltimore, $100,000; Laurence M. Marks & Co., Baltimore, $200,000; McDonald-Coolidge & Co., Cleveland, $250,000; Merrill, Turben & Co., Cleveland, $200,000; Milwaukee Company, Milwaukee, $250,000; Moore, Leonard & Lynch, Pittsburgh, $150,000; F. S. Moseley & Co., Boston, $500,000; Mullaney, Ross & Co., Chicago, $100,000; Maynard H. Murch & Co., Cleveland, $150,000; Newhard, Cook & Co., St. Louis, $150,000; Ohio Company, Columbus, $100,000; Paine, Webber, Jackson & Curtis, N. Y., $500,000; Arthur Perry & Co., Inc., Boston, $150,000; Putnam & Co., Hartford, $150,000; Reinholdt & Gardner, St. Louis, $150,000; E. H. Rollins & Sons, Inc., N. Y., $500,000; L. F. Rothschild & Co., N. Y., $200,000; Schoellkopf, Hutton & Pomeroy, Inc., $200,000; Schwabacher & Co., San Francisco, $250,000; Singer, Deane & Scribner, Pittsburgh, $150,000; Smith Barney & Co., N. Y., $1,000,000; Starkweather & Co., N. Y., $150,000; Stein Bros. & Boyce, Baltimore, $250,000; Stern Brothers & Co., Kansas City, $150,000; Stifel, Nicolaus & Co., Inc., St. Louis, $200,000; Stix & Co., St. Louis, $100,000; Stone & Webster and Blodget, Inc., N. Y., $750,000; Stroud & Co., Inc., Philadelphia, $250,000; Swiss American Corp., N. Y., $250,000; Union Securities Corp., N. Y., $750,000; G. H. Walker & Co., St. Louis, $250,000; Wertheim & Co., N. Y., $300,000; White, Weld & Co., N. Y., $750,000; Whiting, Weeks & Stubbs, Inc., Boston, $250,000; Wisconsin Company, Milwaukee, $500,000; and Dean Witter & Co., San Francisco, $500,000.

Registration effective 5 p.m. (EWT) on May 18, 1943.

Offered—$15,517,700 debentures June 7, 1943, by Kuhn, Loeb & Co., and associates, the balance of the issue having been subscribed for by preferred stockholders.

GULF OIL CORPORATION

Gulf Oil Corporation has registered 764,500 shares of capital stock, par $25 per share. All of the shares registered are presently issued and outstanding and none of the proceeds from the sale thereof will be received by Gulf Oil Corporation.

Address—Gulf Building, Pittsburgh, Pa.

Business—Is engaged principally in the production, purchase, transportation, refining and sale of crude petroleum and products derived therefrom, or in businesses related thereto, in the United States and in foreign countries. The corporation and certain of its subsidiaries are actively engaged in exploratory and development work in connection with the acquisition of oil for future requirements.

Underwriting—The shares registered are outstanding shares owned by certain persons and trusts who desire to sell such shares. There is at present no firm commitment to take such shares from the owners thereof. Mellon Securities Corporation owns 546,400 of the shares registered.

Offering—The price at which the shares may be offered to the public, the underwriting discounts or commissions, and the proceeds to the owners thereof have not been determined. The selling stockholders intend not to enter into any agreements for the sale of such shares prior to the effective date of the registration statement. They intend, however, to enter into agreements of such character within a few days after effective date, and to furnish to the corporation the terms of such agreements, the names of the underwriters, the price at which the shares will be offered to the public, etc.

Proceeds—Will go to the selling stockholders.

Registration Statement No. 2-5143. Form A-2 (5-20-43).

According to an amendment filed June 3, the underwriting group, headed by Mellon Securities Corp., includes: Morgan Stanley & Co.; Dillon, Read & Co.; Blyth & Co.; First Boston Corp.; Harriman Ripley & Co.; Smith, Barney & Co.; Drexel & Co.; Kidder, Peabody & Co.; Ladenburg, Thalmann & Co.; Lee Higginson Corp.; Shields & Co.; Stone & Webster and Blodget; White, Weld & Co.; Clark, Dodge & Co.; Dominick & Dominick; Eastman, Dillon & Co.; Glore, Forgan & Co.;

Hallgarten & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Lazard Freres & Co.; Merrill Lynch, Pierce, Fenner & Beane; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; Union Securities Corp.; Dean Witter & Co.; Wood, Struthers & Co.; Bear, Stearns & Co.; Auchincloss, Parker & Redpath; A. G. Becker & Co.; Blair & Co.; Coffin & Burr; Estabrook & Co.;

Harris, Hall & Co.; Hayden, Stone & Co.; W. C. Langley & Co.; Carl M. Loeb, Rhoades & Co.; Reynolds & Co.; Riter & Co.; E. H. Rollins & Sons; L. F. Rothschild & Co.; Spencer Trask Co.; Tucker, Anthony & Co.; Wertheim & Co.; The Wisconsin Co.; A. C. Allyn & Co.; Baker, Weeks & Harden; Alex. Brown & Sons; H. M. Byllesby & Co.; Dick & Merle-Smith; Graham, Parsons & Co.; E. F. Hutton & Co.; Laurence M. Marks & Co.; Schoellkopf, Hutton & Pomeroy; G. H. Walker & Co.; Bacon, Whipple & Co.; R. S. Dickson & Co.; F. I. du Pont & Co.; Emanuel & Co.; Equitable Securities Corp.; Hayden, Miller & Co.; J. J. B. Hilliard & Son; McDonald, Coolidge & Co.; Mitchum, Tully & Co.; Biddle, Whelen & Co.; Blair, Bonner & Co.; Central Republic Co.; Cooley & Co.;

Cruttenden & Co.; Fahnestock & Co.; Field, Richards & Co.; Granbery, Marache & Lord; Hawley, Shepard & Co.; Illinois Co.; Janney & Co.; Kay, Richards & Co.; Kebbon, McCormick & Co.; A. M. Kidder & Co.; Laird, Bissell & Meeds; Mackubin, Legg & Co.; Milwaukee Co.; Moore, Leonard & Lynch; Neuhaus & Co.; W. H. Newbold's Sons & Co.; Parrish & Co.; Rauscher, Pierce & Co.; Robinson-Humphrey Co.; Schwabacher & Co.; Chas. W. Scranton & Co.; Singer, Deane & Scribner; Stein Bros. & Boyce; Stillman, Maynard & Co.; Stroud & Co.; Whiting, Weeks & Stubbs; Yarnall & Co.; Almstedt Bros.; Curtiss, House & Co.; First of Michigan Corp.; Folger, Nolan & Co.; Kalman & Co.; A. E. Masten & Co.; Merrill, Turben & Co.; Maynard H. Murch & Co.;

Pacific Company; Watling, Lerchen & Co.; Boettcher & Co.; Bosworth, Chanute, Loughridge & Co.; Brush, Slocumb & Co.; Butcher & Sherrerd; Ferris & Hardgrove; Ingalls, Snyder & Co.; Johnston, Lemon & Co.; Newhard, Cook & Co.; The Ohio Company; Piper, Jaffray & Hopwood; Putnam & Co.; Reinholdt & Gardner; Geo. V. Rotan & Co.; Starkweather & Co.; Stern Bros. & Co.; Geo. G. Applegate; Burns, Potter & Co.; Chaplin & Co.; B. V. Christie & Co.; C. C. Collings & Co.;

J. M. Dain & Co.; R. L. Day & Co.; Fahey, Clark & Co.; Farwell, Chapman & Co.; Ferris, Exnicios & Co.; First Cleveland Corp; Grubbs, Scott & Co.; Jenks, Kirkland & Co.; Johnson, Lane, Space & Co.; Schmidt, Poole & Co.; Schneider, Bernet & Hickman; Shuman, Agnew & Co.; Sills, Troxell & Minton; I. M. Simon & Co.; Wm. R. Staats & Co.; Stix & Co.; Lowrey Sweney & Co.; Swiss-American Corp.; Walker, Austin & Waggener; Weeden & Co.; Whitaker & Co.; Harold E. Wood & Co., and Woodard-Elwood & Co.

Registration effective 5:30 p. m. EWT on June 3, 1943.

Offered June 7, 1943, by Mellon Securities Corp. and associates, at $47.50 per share.

INTERSTATE BAKERIES CORPORATION

Interstate Bakeries Corporation has filed a registration statement for $2,500,000 first (closed) mortgage 5% refunding bonds due June 1, 1958.

Address—406 W. 34th St., Kansas City, Mo.

Business—Engaged in the manufacture and wholesale distribution of bread, cake and other bakery products.

Offering—Price to public to be supplied by amendment.

Underwriting — The underwriters and amounts underwritten are: H. M. Byllesby & Co., Inc., Chicago, $1,100,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Central Republic Co., Inc., Chicago, $500,000; Farwell, Chapman & Co., Chicago, $200,000, and Stern Brothers & Co., Kansas City, Mo., $200,000.

Proceeds—Of the proceeds approximately $2,067,000 will be used for the redemption on Sept. 1, 1943, at 105% and accrued interest, of all of the outstanding first mortgage 6% sinking fund gold bonds, due Sept. 1, 1945, issued by Schulze Baking Co. and subsequently assumed by Interstate; $151,875 to the prepayment of the real estate 5% note, payable Sept. 7, 1945, originally issued by Western Bakeries Corp., Ltd., and subsequently assumed by Interstate, and as an addition to working capital.

Registration Statement No. 2-5141. Form S-1 (5-19-43).

Offered June 4, 1943, at 100 and int. by H. M. Byllesby & Co., Inc., and associates.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, JUNE 13

SECURITY INSURANCEE COMPANY OF NEW HAVEN

Security Insurance Company of New Haven has filed a registration statement for 50,000 shares of capital stock, par value $10 per share, and subscription warrants evidencing rights to subscribe to the stock.

Address—175 Whitney Ave., New Haven, Conn.

Business—Company is a fire and marine insurance company.

Offering — Company proposed to offer the new stock to present stockholders at a price to be named by amendment one share of new stock for each four shares held on the record date. The record date will be supplied by amendment. Provision has been made for the offering of any unsubscribed shares of capital stock by certain underwriters.

Underwriting—The names of the underwriters and the amounts of stock to be purchased by each will be supplied by amendment.

Proceeds — Net proceeds from the sale will be added to, and used as a part of, the company's general funds. Of such proceeds, an amount equal to the total par value of shares sold will be credited to capital stock account and the balance will be credited to surplus.

Registration Statement No. 2-5145. Form S-1 (5-25-43).

TUESDAY, JUNE 15

BEATRICE CREAMERY COMPANY

Beatrice Creamery Company has filed a registration statement covering 91,317 shares of $4.25 cumulative preferred stock, without par value.

Address—1526 South State St., Chicago. Company expects to move its executive office to 120 South La Salle St., Chicago, on or about July 1.

Business—Company and its subsidiaries are engaged principally in the manufacture and sale of butter, ice cream, condensed milk, buttermilk, dried milk and cheese, the distribution of milk, eggs, frozen foods, oleomargarine, operation of cold storage plants, and in practically every branch of the dairy business.

Offering — The $4.25 cumulative preferred is offered for exchange by the company to the holders of its outstanding $5 cumulative preferred stock on a share for share basis. Holders of $5 cumulative preferred accepting the offer of exchange will receive the quarterly dividend, payable July 1, 1943, with respect to their shares of stock.

Underwriting—The shares of $4.25 cumulative preferred not exchanged have been underwritten. The underwriters are: Glore, Forgan & Co., Chicago; Hayden, Stone & Co., New York; W. E. Hutton & Co., New York; Mellon Securities Corp., Pittsburgh; First Trust Co. of Lincoln, Lincoln, Neb.; Central Republic Co., Inc., Chicago; Kebbon, McCormick & Co., Chicago; Lee Higginson Corp., Chicago; Wisconsin Company, Milwaukee; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farwell, Chapman & Co., Chicago; G. H. Walker & Co., St. Louis; Boettcher & Co., Denver; Bosworth, Chanute, Loughbridge & Co., Denver; Maynard H. Murch & Co., Cleveland; Kirkpatrick-Pettis Co., Omaha, and Burns, Potter & Co., Omaha. Offering price to the public will be supplied by amendment.

Proceeds — Proceeds from sale of any stock to underwriters, with other funds of the company, will be used to effect the redemption on Oct. 1, 1943, of all of the then outstanding $5 cumulative preferred stock at $102.50 per share plus accrued dividends.

Registration Statement No. 2-5146. Form A-2 (5-27-43).

WEDNESDAY, JUNE 16

ALL AMERICAN AVIATION, INC.

All American Aviation, Inc., has filed a registration statement for 26,218 shares of convertible non-cumulative preferred stock, par $25 per share, and an indeterminate number of shares of common stock, par $1 per share, to be reserved for issuance upon the conversion of convertible non-cumulative preferred stock into common stock.

Address—200 West Ninth St., Wilmington, Del.

Business—Present business is conducted by its two major divisions, Air Transport Division and the Manufacturing Division.

Underwriting—If any offering is made through underwriters their names will be supplied by amendment.

Offering — The preferred stock will be initially offered by the company for sale at $25 a share to holders of ten or more shares of company's common stock on the basis of one share of preferred stock for each full ten shares of common. The period within which holders of common stock may exercise their rights to subscribe to shares of preferred stock will expire ten days after the initial date of offering. Thereafter any remaining shares of preferred stock will be offered to the general public at $25 a share, or the company may offer any remaining shares to underwriters for sale to the public at $25 a share.

Proceeds — Will be applied to finance the company's operations under its contracts with the U. S. Government and to discharge certain of its outstanding obligations.

Registration Statement No. 2-5147. Form S-2. (5-28-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CELOTEX CORPORATION

Bror Dahlberg, O. S. Mansell and Andrew J. Dallstream, voting trustees, have filed a registration statement for voting trust certificates for 150,000 shares of common stock of Celotex Corp. common stock, no par value.

Offering—(See Celotex statement No. 2-5112.) The syndicate has formed the voting trust for the common stock of the company, and an opportunity will be afforded to the members of the syndicate (mentioned in statement No. 2-5112) and to all others who purchase such stock, to deposit their shares of common stock thereunder and receive voting trust certificates. Additional shares of common may be deposited upon application of the holder and with the consent of the voting trustees, but voting trust certificates are not to exceed 150,000 shares of common stock.

Purpose—To form voting trust.

Registration Statement No. 2-5113. Form F-1 (3-24-43).

Amendment filed June 1, 1943, to defer effective date.

CELOTEX CORPORATION

Celotex Corp. has filed a registration statement for 75,000 shares of common stock, no par value.

Address—120 South La Salle Street, Chicago, Ill.

Business—Company is engaged in the building material business.

Underwriting—There are no underwriters.

Offering—The 75,000 shares of common will be offered by the company at $10.50 per share only to a selected group consisting of employees of the company, including officers and directors and those serving in a professional or advisory capacity and a limited group of persons having long standing business relations with the company to be selected by the board of directors. Statement says that recently, while the company was carrying on negotiations to augment its working capital by the issuance and sale of common stock, a substantial group of key employees of the company including certain officers and directors, joined in the formation of a syndicate with a view to the purchase of a large block of outstanding common stock from a single source which had indicated a willingness to sell. When reasons arose whereby the proposed purchase could not be carried out, the group acting through the syndicate requested the company to afford the syndicate members, as well as other employees, the opportunity to purchase the stock of the company then proposed to issue, at a price to net the company the same amount as though such stock were marketed through then available investment banking channels. The board determined that the stock to be sold should be offered to the selected group at a price of $10.50 per share. The syndicate has formed a voting trust for the common stock of the company.

Proceeds—Entire proceeds from the sale will be received by the company and used for additional working capital and for other corporate purposes.

Registration Statement No. 2-5112. Form A-2 (3-24-43).

Amendment filed June 1, 1943, to defer effective date.

(This list is incomplete this week.)

Rail-Union Wage Inquiry Opened—No Strike Threat Seen

Edward J. Flynn, former Chairman of the Democratic National Committee, and Counsel for the five railroad brotherhoods, at a hearing in New York, before an Emergency Board appointed by the President from the National Railway Labor Panel, on June 7 gave assurance that no strike is contemplated if the demands of the approximately 400,000 railroad employees for a 30% increase in pay are not met. Walter P. Stacey (Chief Justice of the South Carolina Supreme Court), Dr. I. L. Sharfman (Professor of Economics at the University of Michigan) and Frank M. Swacker (New York attorney) constitute the Board.

Jacob Aronson, Vice President of the New York Central RR., and General Counsel for the railroads, stated that present wages of railroad employees are very substantially above the average wages of other industrial workers of this country and declared the belief of *the management that no wage increase is warranted and none is* permissible under the stabilization program of the Federal Government. He added: "I know that the members of the brotherhoods are making no threat to strike. I do not think, however, that they are entitled to capitalize on the threat of a strike. Such a strike now on the railroads, in wartime, would make all of us hang our heads in shame."

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Proposed transfer of the Exchange membership of Harold R. Sweet to Davies Tainter will be considered by the Exchange on June 10. Both are partners in Pell & Company.

Uzal Oakley retired from partnership in A. M. Kidder & Co., New York City, as of May 31.

Transfer of the Exchange membership of Zalmon G. Simmons, Jr., to H. Walter Mewing will be considered on June 17. Mr. Ewing will continue as a partner in D'Assern & Co., New York City.

Jules S. Bache, general partner in J. S. Bache & Co., New York City, also became a limited partner effective June 1.

Interest of the late Reginald Bradlee in Chandler Hovey & Co., Boston, Mass., ceased as of May 19.

Rail Situation Interesting

The current situation in Chicago North Shore & Milwaukee Railroad Company offers attractive possibilities according to a comprehensive memorandum issued by Brailsford & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. Copies of this interesting memorandum may be had from the firm upon request.

"Our Reporter On Governments"

By S. F. PORTER

The way this market goes "down" is to "stand still". . . . It rallies for weeks, then quiets down, holds, gets nowhere and gathers strength in so doing. . . . It looks good all right and no one who has been watching the situation closely would dare deny that. . . . But. . . . It's a long way from the bottom. . . . The advance has been continuing for many months. . . . Thousands of institutions with their attention concentrated on the market now have nice profits and are thinking in terms of those profits. . . . The dealers are reporting in statements that indicate growing caution. . . . For instance, one says "I've my fingers crossed at this stage even though I can't see any reason why it should react". . . . And when you've seen a market rise persistently and consistently for months, it's logical to draw back. . . . Others outside of you probably are feeling the same way. . . .

A major decline? . . . No, the Federal Reserve Committee wouldn't permit that, even if the cause arose. . . . But a check among the authorities reveals they wouldn't mind seeing just a steady market for a bit. . . . They're willing to sell and are selling bonds to accomplish this end. . . . And that's an atmosphere you should be cognizant of at this market level. . . . Incidentally, watch the weekly figures on Federal Reserve purchases and sales in the open market and on the totals of various obligations held. . . . In those statistics, published Friday, released late Thursday night from Washington, you'll find the clue to the way the Federal Reserve views things. . . . When it's selling heavily, you may conclude with ample justification that the market has been much stronger in the previous week than you can tell from the surface price quotations. . . . When it begins buying, you may judge that the market has been weaker and some large-scale liquidation from a commercial bank or insurance company has appeared. . . .

Lately, the Federal Reserve has been selling. . . . To hold back the price rise. . . .

THE NEW ISSUE

While Secretary Morgenthau has stated the $2,500,000,000 issue will be open to all subscribers on the offering date, June 28, the general opinion around the Street is that this will be one of the old-time regular open market deals. . . . Which means. . . . Quick over-subscriptions. . . . Primarily bank buying. . . . Free riding. . . . The public won't know the deal is on until it's over. . . . A 24 to 48-hour limit on the opening of books. . . . Some premium to be anticipated on the new issue immediately. . . .

This is the way the June 28 operation shapes up now, and unless Morgenthau decides to fool us all, this is exactly the sort of operation you should count on. . . .

Of course, the purpose of the offering is redemption of the $454,009,000 3¾s and $629,000,000 of 1⅛s, coming up for payment June 15. . . . Only Morgenthau is going through the intriguing and most significant process of "delayed refunding," so that holders will not get the benefit of "rights" and so that no precedent for privileges on refunding will be set at this time. . . . The 3⅜s and 1⅛s will be paid off. . . . The money to make up for this drain and to provide another billion-plus will be obtained two weeks later. . . . It's sensible; makes a good picture all around for the Treasury. . . . As for holders, they should not have anticipated anything but outright redemption, anyway. . . . For weeks this column has been pointing out that fact and suggesting that the program was (1) a separate offering for banks, and (2) a public bond drive in late Fall. . . .

Morgenthau is getting plenty of cash, incidentally. . . . Bill offerings now are up to the $1,000,000,000 mark, for the maturing issues are at the $800,000,000 level and the policy is to obtain $200,000,000 of new money a week. . . . It's hard to say whether a billion will be the limit on these bill offerings. . . . Until now, that has been the idea, but there are no signs that the saturation point has been reached on bill flotations and it may be that the Treasury will try to get up to the $1,500,000,000 mark eventually. . . .

England has done a superb job in putting over these short-term financings. . . . We've caught on to the technique, too, and may go on indefinitely as long as the Federal Reserve maintains its repurchase agreement. . . .

By September the cycle will be complete and all bill issues out will total $1,000,000,000. . . . Then the Treasury will have to decide on what to do about increasing the total of new offerings at the roll-over date each week. . . .

A NOTE OR BOND?

At first, the impression around the financial district was that the new $2,500,000,000 issue would be in the form of 2% bonds due in 10 years or less. . . . Morgenthau had said the loan would be within the 10-year limit. . . . The first idea was a 2% issue again, therefore, and the consequence was a slight fall-back in the intermediate bond bracket. . . .

But is that so sure? . . . Might it not be a note instead? . . . A note due in, say, four years? . . . In 1947, so that the note classification is built up for a while. . . . There haven't been many note issues out recently. . . . Banks seem to want these as much as anything else. . . . There is no reason why Morgenthau should neglect this section of the market in order to over-emphasize a section which has had plenty to absorb in the last few months. . . .

Banks have plenty of ⅞% certificates. . . . They've had considerable opportunity to buy 2% bonds and build portfolios of these. . . .

They've had mighty little chance recently to buy notes. . . .

So look for a 1947 note, extending this part of the list into a new year. . . . And expect an instantaneous reaction on the part of the banks if the Treasury decides to follow this course. . . .

As for the bond section, which felt the pressure of the financing announcement, some indication of the growing belief that a note may be what's ahead may be seen in the come-back in the intermediates the day after the announcement. . . .

INSIDE THE MARKET

Selection of W. Randolph Burgess, Vice-Chairman of the Board of National City Bank to be Chairman of the New York State War Finance Committee greeted with enthusiasm by bond dealers and bankers. . . . Burgess is considered an expert on all fields of financing. . . . His record as Vice-President of the New York Federal Reserve Bank was superb. . . . Feeling is he'll handle the bond drives with expert tact and success. . . .

Morgenthau due to get more than $4,000,000,000 from June tax collections. . . . Along with new issue and proceeds from war bond and tax note sales, he'll be in excellent shape to go through Summer and September. . . . Bond drive due in mid-October, according to latest estimates. . . .

One guess about the significance of the bracketing of bond dealers, insurance companies and banks under the guidance of the Reserve Banks is that the Treasury has a plan for getting cash from these sources at set intervals throughout the year. . . . Idea would be to have dealers in this so they could handle whatever shifts in bonds and funds take place. . . . And Reserve Banks are at head because they know what the deposit-cash situation in those institutions is and can report it at the proper times. . . .

Feeling among experts still is that many small banks hold too many certificates of indebtedness on the theory that these are safest. . . . They are—for a large bank which must have diversification and a greater total of funds on hand for demand calls. . . . They're not and are a waste of precious interest for a smaller bank which needn't follow the diversification rules to such an extent. . . . These well might sell the c.is, stretch out into the five to eight-year maturity brackets and make considerably more on interest. . . .

J. J. Flanigan With Buckley Bros. In L. A.

LOS ANGELES, CALIF.—John J. Flanigan, formerly bond trader with Pledger & Co., has become associated with Buckley Brothers, members of the New York and Philadelphia Stock Exchanges, as manager of the trading department of their local office at 530 West Sixth St. In the past Mr. Flanigan was with Akin-Lambert Co., Chas. E. Quincey & Co., Conrad, Bruce & Co., Citizens National Co., Bancamerica Blair Corp., and C. F. Childs & Co.

Situations Look Good

J. F. Reilly & Co., 111 Broadway, New York City, have prepared interesting circulars on Botany Worsted Mills, Punta Alegre Sugar, and York Ice, which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had from J. F. Reilly & Co. upon request.

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, have prepared the current issue of their "Over-the-counter Review," copies of which may be obtained upon request from the firm.

First Bonus Bill Is Introduced In House

Representative Baldwin introduced in the House on June 8 a bill to provide an average of $300 to $400 in bonuses for each member of our armed forces and Merchant Marine at the end of the war, said a United Press advice from Washington on June 8, which also said that it was the first measure introduced to provide a post-war bonus for veterans of the present war.

Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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The Financial Situation

One of the strangest international "conferences" in history came to the end of its deliberations last week at Hot Springs, Virginia. It began its work with shades drawn and gateways guarded by armed American soldiers, and ended its tasks with an official summary of its activities which must leave many wondering why it ever gathered. There have been reports that it was called upon a sudden impulse of the President, and that the most surprised group in the country consisted of the real authorities on nutrition and agricultural production. Whether these allegations are really true we have no way of knowing, but the proceedings, so far as the public has been permitted to hear of them, furnish what might be termed presumptive evidence of their validity.

"All men on earth are consumers of food," the Secretary General of the parley sagely observes, adding that "more than two-thirds of them are also producers of it. These two aspects of gaining subsistence from the soil cannot be separated. Men cannot eat more and healthier (sic) foods unless these foods can be obtained from the land or the sea in sufficient quantities." But his magnificent grasp of the obvious does not end there—nor apparently does that of the conference itself. "The work of the conference emphasized," we are told from Olympus, "the fundamental inter-dependence of the consumer and the producer." Most of us had taken it for granted!

An "Important" Recommendation

A half dozen paragraphs farther on we learn that "one of the most important recommendations of the conference is that the governments represented should declare to their own people and to one another their intention to secure more and better food for the people." This learned group "recognized that a great increase would be needed in the production of food if progress was to be made toward freedom from want," but it likewise was able to summon the insight to understand that "it is useless to produce food unless men and nations have means to acquire it for consumption."

A "Significant" Conclusion

But these commonplaces led the conference to conclusions which the thoughtful student of public affairs will not

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President to Sign Pay-Go Tax Bill; Sees Need of Forced Savings

In indicating that he would shortly sign the pay-as-you-go tax bill, President Roosevelt on June 8 told his press conference that he will probably submit new tax recommendations to Congress before its Summer recess. He stated that in accodance with his intention to affix his signature to the new bill, the Treasury has already begun preparations to put the 20% withholding tax into effect July 1. United Press accounts from Washington June 8 also said:

"Asked whether he planned to recommend additional taxation, the President said it was generally realized that there is too much money in the people's hands and that this inflationary gap can be closed only through compulsory savings and taxes.

"A combination of these two methods, he added, probably is as necessary now as it was last January when he proposed them in his budget message."

Final Congressional action on pay-as-you-go tax bill, abating 75% to 100% of a year's payment's, came on June 2 when the Senate adopted the conference report by a vote of 62 to 19.

The Senate action on the compromise bill came after the House had approved it by a vote of 256 to 114 on June 1. This brought to a close more than four months of debate on one of the most controversial subjects ever before Congress.

The final Senate approval was equally divided between the Democrats and Republicans—31 of each—while those opposed to the bill included 17 Democrats, 1 Republican, Senator Langer, of North Dakota, and 1 Progressive, Senator La Follette, of Wisconsin.

The measure makes radical changes in the revenue system which has been in operation since 1913.

The major provisions of the pay-as-you-go tax bill were briefly outlined by the Associated Press as follows:

Current collection—All taxpayers put on a pay-as-you-go basis, meeting their income tax bill as tney earn their money, with

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Alliot Elected President Of NY Cotton Exchange

The Board of Managers of the New York Cotton Exchange announced the election of Eric Alliot as President of the Exchange at the annual election of officers. John H. Scatterty was elected Vice-President and William J. Jung was returned as Treasurer for a fourth term.

Eric Alliot

Mr. Alliot was Vice-President of the Exchange during the past year and succeeded Robert J. Murray, who has put in a very strenuous precedent-shattering three-term period. Mr. Alliot has been a member of the Exchange over 20 years and a member of the Board of Managers for 14 years. In addition, he served as chairman of the Supervisory Committee for several years and chairman of the Executive Committee during the past year. Mr. Alliot began his business career by entering Worth Street in 1915 and was associated

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GENERAL CONTENTS

Editorials

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Lammot du Pont Recommends Individual Post-War Planning

Lammot du Pont, Chairman of the Board of E. I. du Pont de Nemours & Co., speaking before the Manufacturing Chemists' Association at the Waldorf-Astoria in New York City on June 3, said that post-war planning should be individual planning, that under the private enterprise system, one must do the planning for one's self. Mr. du Pont said he meant by that the individual must plan for the individual, the little company for the little company, the corporation for the corporation. Each and every entity must plan for itself. It cannot leave its planning to others. Enforcement of a plan upon someone else is dictation, and dictation never is acceptable to anyone.

Photo by Wm. Shewell Ellis Studios
Lammot du Pont

We give Mr. du Pont's address in full herewith:

We live in desperate times. Our minds are on momentous happenings far beyond our shores—in Europe, Russia and the far reaches of the Pacific—the success of our arms, the welfare of your sons and mine. We speculate on the length of the war, the price we must pay in blood and treasure for the complete victory that ultimately will be ours. And we consider, too, as indeed we should, what the post-war world will be.

Naturally, the winning of the war has our first consideration. Second only to that with people in all walks of life is what is going to happen after the war. We are trying even now to prepare for that time, with the efforts notably in contrast with past wars when the people concentrated on the war and allowed reconstruction plans to wait more or less upon a later day. We realize now that we must win the peace equally with winning the war, that otherwise the war will have been fought in vain.

My primary purpose this afternoon is to discuss post-war planning from the industrial point of view. The opinions I shall give may be at variance with the expressions of those who have discussed the subject or written regarding it, but they will be frankly stated.

To my mind, industry, and that includes every man of intelligence and energy, will face during the peace that will follow the conclusion of the war a responsibility, yes a duty, as great if not greater than the task it assumed and is successfully discharging of truly making this nation "an arsenal of democracy." *Insuperable* though that task was considered to be, the work ahead calls for at least an equally titanic effort. The size and complexity of the job clearly indicates the need of work by all—not the Government alone.

Consider for a moment the magnitude of the obligations. Millions upon millions of our men will be discharged from the army, navy and air forces. They will return to their homes. They will seek employment, the right to enjoy the benefits of life in these United States which they have fought to

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From Washington Ahead Of The News

By CARLISLE BARGERON

One of the things that fascinates visiting foreigners about us these days—I mean those over here on "official" business and supported by lend-lease—are our periodical polls on the question of whether Mr. Roosevelt will be elected to a fourth term. They are one of the few items of our national life not yet rationed. What bewilders the foreigners is how on earth a nation with such a reported manpower shortage as ours, can continue to indulge in these luxuries. The newspapers are even having difficulty getting carrier boys these days, Western Union has resorted to old men and old women, but apparently the poll takers haven't felt the pinch at all.

These polls come up with the amazing conclusion that if the war is still on in November 1944 which is 18 months from now, Mr. Roosevelt will be re-elected, not so much as President, but as Commander-in-Chief. The people, we are told, don't like the President in the realm of domestic affairs, but as a military strategist, they think he is pretty hot stuff and they would be most reluctant to replace him. In fact, according to the polls, they wouldn't do so.

Polls or no polls, this is just about the greatest nonsense that was ever peddled for cash. We have already been at war 18 months. If it is still going on 18 months from now, and I am referring mostly to the war in Europe, I not only would bet my last penny that Mr. Roosevelt would not have a chance of being re-elected but that furthermore, our Bureaucracy will have so crippled us, that we very likely could not effect an unconditional surrender on the part of Germany.

I base my statement on the war's continuation in Europe because most authorities expect the tension to let down when the war ends over there, with the job of finishing off Japan, something we can more or less take in our stride. Presumably it is the European

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The Financial Situation

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overlook. It may well be that in these conclusions we find the significance, the only significance, of the entire proceedings. "The deliberations of the conference in Section III, which was set up to investigate the improvement of distribution, clearly showed," we are told, "that consumers would not be in a position to buy the food they needed, and producers of food could not be assured of adequate returns, unless progress was made through national and international action to raise the general level of employment in all countries. * * * The work of Section III established the close interdependence between the level of employment in all countries, the character and extent of industrial development, the management of currencies, the direction of national and international investment, and the policy adopted by the nations toward foreign trade.

"The conference was not invited to conduct a detailed investigation into policies which should be adopted by the governments of the world in order to promote an expansion of economic activity; but it declared that freedom from want of food could not be fully achieved without such an expansion and urgently recommended to the governments and authorities represented to take action individually, and in concert, in order to secure this objective."

"All the World's a Stage"

Vice-President Wallace himself could not have done better! Nor the National Resources Planning Board! How, then, can the suspicion be avoided that the conference was designed to support and promote internationally the preposterous proposals of our own Planning Board and its counterparts abroad? "All the world's a stage"—in the minds of more than one public figure of this day and time.

Sticking a little more closely to what the unthinking may have supposed to be its last, "the conference recommended measures for new agricultural development. It was the opinion of the conference that some parts of the world which at present are unproductive could be brought into agricultural production if the appropriate measures were applied. At the same time it was recognized that, in some areas of rich potentialities, development is impeded by overcrowding of farmers on the land. While something can be done to increase the productivity of these areas by improving methods of farming, by drainage and similar measures, it was recognized that in some cases the development *of industry to provide employment for agricultural populations or emigration to other areas were the only measures* likely to offer any significant contribution to a solution of the problem."

Simplicity Itself

How simple life appears to some of these gentlemen who so blithely undertake to make the world over to match their conception of the millenium! How little impression failures of the past and the present seem to make upon their minds! Here representatives of a government which only a few years ago was paying farmers to slaughter little pigs and plow under parts of their crops are gravely consulting together with other nations to seek means of enlarging agricultural production beyond anything ever known in this world! Here representatives of a government which is making a miserable failure of an effort to keep its own people properly fed are confidently preparing to manage the production and distribution of food the world over! Here representatives of several governments which for a decade had been vainly trying to restore even ordinary conditions in their respective countries set out to see that every one everywhere has and eats all the vitamins and the rest that the books say he ought to have!

And what governments are these which are so confident of success in undertakings so vast and so unprecedented? Why, the more powerful and influential among them represent the same nations which bungled and slept while Mussolini paraded in Africa, while Hitler built up his legions, and while the Japanese planned and prepared to march from Hong Kong to Singapore. These same nations, or several of them, wrote the Treaty of Versailles, utterly misunderstood the nature of the situation which that treaty created and the state of affairs existing throughout the world with the result that policies were almost everywhere developed and applied which resulted in the collapse of the late twenties and brought forth the dictators and the New Dealers, who more often than not have taken a leaf from the note books of their predecessors—without even knowing that they did so!

Man Has What Man Makes

Every school child knows, of course, that there have always been substantial numbers of people in the world who could not command sufficient nourishment to maintain health. No one needs to be told that millions have never been able to command many other things which are essential to real comfort. But every one who has thought about the matter is equally aware that the world has always harbored an equal number of shiftless, incompetent, foolish people. Neither is any one whose opinion is worth considering ignorant of the fact that mankind must inevitably starve, freeze and suffer or be well fed, well clothed, well housed, and comfortable depending wholly upon what mankind succeeds in producing and distributing. Nor need the thoughtful man be told that his government is composed of men much like the rest of us, to whom is given no more wisdom than the rest of us have—often not nearly as much.

Centuries ago the rank and file of the people were much inclined to look to government as it then existed for their own welfare. Experience, long, sad, bitter experience, taught mankind, or so we had supposed, the futility of depending upon such a slender and undependable reed. For long decades men seem to have learned that they had best look after their own economic needs in their own way. Are we to be led by meaningless phrases back to the utterly disproved conceptions of the middle ages?

"Educating" The Germans

"The Allied powers had no interest in the glorious hopes among the German university youth of that (post-World War I) day. The Allies provided no incentive for education in democratic traditions. And so the German youth fell into the hands of retired army generals, monarchist professors, and politicians. Thus the way was prepared for Hitler and Goebbels to return German education to the teaching of racial superiority, war, and death. . . .

"We shall not need to send school teachers from the United States into the German schools but we can make sure that the liberal element in Germany has an opportunity to replace the Nazi school books and the Nazi methods of teaching."

These, of course, are the words of Vice-President Henry A. Wallace. They bear the unmistakable stamp of his hand and mind. But let this great teachers' teacher continue.

"All the schools of the world will have to be reborn after this great conflict if the boys who have died are not to have died in vain. . . .

"In the years to come it will be even more important for the schools to teach character than to teach facts. In the teaching of character, the essential thing will be the ability of the teacher to kindle enthusiasm—enthusiasm for knowledge, but especially enthusiasm for the greater good."

Is it not about time to have an end of this nonsense about running the German schools from Washington and London?

The State Of Trade

Most of the heavy industries continue to operate at close to peak levels, with retail business showing outstanding gains compared with last year.

Production of electric power for the week ended May 29th, totaled 3,990,040,000 kilowatt hours, an increase of 20.1% over the total of 3,322,651,000 in the like 1942 week, according to the Edison Electric Institute. Production in the preceding week was 3,992,250,000 hours.

The Pacific Coast section once again showed the largest yearly increase in power output, advancing 33.4%. The Southern states area was next with 22.4%, and Mid-Atlantic area followed with 20.2%.

Carloadings of revenue freight for the week ended May 29, totaled 852,518 cars, according to the Association of American Railroads. This was an increase of 9,184 cars over the preceding week, 56,897 cars more than the corresponding week in 1942 and 50,735 cars above the same period two years ago.

This total was 134.40% of average loading for the corresponding week of the ten preceding years.

Steel operations this week are scheduled at 97.5% of ingot capacity compared with 98.4% in the previous week, a decline of 0.9%, according to the American Iron & Steel Institute. The decline in tonnage was attributed by trade officials partly to last week's coal strike.

The indicated rate a month ago was 99.4%, while it stood at 99.3 in the like 1942 week.

The steel industry felt the effects of the big coal strike, the Carnegie-Illinois Steel Corporation reporting 11 of its blast furnaces had been closed down because of the lack of beehive coke—the source of which was choked off by the coal-production stoppage. This brought to 13 the number of blast furnaces shut down.

The Interstate Commerce Commission reported that the nation's 136 Class I railroads had net operating income of $127,059,362 for April, an increase of 25.1% over the like month last year.

Total operating revenues for April were $748,797,981, including $570,135,768 of freight revenue and $127,915,116 of passenger revenue. Freight revenue was up 21.8% over a year ago and passenger revenue increased 93.5%.

During the first four months of this year the railroads had net operating income of $468,119,128, an increase of 44.8% over the corresponding period a year ago.

Department store sales on a country-wide basis were up 42% for the week ended May 29, compared with the same week a year ago, according to the Federal Reserve Board.

Store sales were up 21% for the four weeks ending May 29, compared with the same period a year ago.

Department store sales in New York City in the week ended June 5, were unchanged from the corresponding week of last year, according to the preliminary estimate issued by the New York Federal Reserve Bank. The week this year had only five shopping days against six last year, due to the Memorial Day holiday falling in different weeks.

In the previous week ended May 28, sales of this group of stores were up 34% over the like 1942 week, with a good part of the gain due to the shift in day on which the holiday was observed.

Retail business in the second quarter of 1943, now drawing to a close, is holding at the high levels of the first quarter of this year, which showed a 10% gain in dollars over the comparative 1942 period. April, the first month of the second quarter, went 13% ahead of April a year ago, while first reports on May business indicate that that month, too, recorded a sharp increase over last year's results. June likewise is expected to be a good month.

The high level of consumer buying is not surprising in view of current business conditions. Both employment and national income payments to individuals have registered new all-time peaks in recent months. Salaries and wages paid out in the first three months of this year were in excess of $23,000,000,000, or almost twice the amount distributed in the corresponding period in the boom year of 1929.

Despite the high rate of consumer spending, savings are at substantial figures. The Department of Commerce estimates that they will exceed $40,000,000,000 this year. Fortunately, the larger part of the current savings is going to the purchase of war bonds and stamps. Henry Morgenthau Jr., Secretary of the Treasury, reports that the recent bond drive was so successful that the Treasury was able to get 60% of idle consumer savings, whereas it originally had aimed at collecting 55%. Its program now calls tentatively for a goal of 65% over the next three months and of 75% in the last four months of the year. The average American family, Mr. Morgenthau holds, should be investing 25% of all its income in war bonds.

While merchants are pleased that retail sales are running at new high levels, some among them express deep concern over the future of inventories.

Hoffman Resigns OPA Food Pricing Post; Wallace In Full Control

Donald Wallace was made sole acting Deputy Administrator of the Office of Price Administration in charge of prices on June 7 when A. C. Hoffman resigned to return to the Department of Agriculture.

Price Administrator Prentiss M. Brown had announced on June 1 temporary appointment of Mr. Hoffman and Mr. Wallace to be in charge of the price post left vacant when J. Kenneth Galbraith resigned on May 31.

Mr. Hoffman, who was Director of the Food Price Division until a month ago, when he was made a special assistant to Mr. Galbraith, was to have been Acting Deputy Administrator in charge of food price control, and Mr. Wallace, Director of the Industrial Manufacturing Price Division was made Acting Deputy in charge of that division as well as the Industrial Materials Price Division, Fuel Price Division, Textiles, Leather and Apparel Price Division, and Services and Consumer Durable Goods Price Division. However, now Mr. Wallace assumes full control.

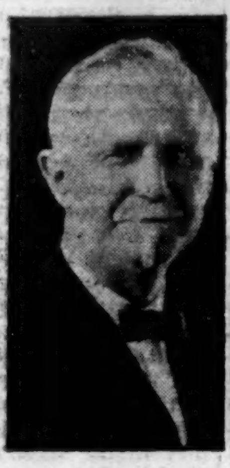
In announcing the appointments Mr. Brown declared that "these changes do not affect price policies and programs which are under way in the Office of Price Administration. There will be no relaxation in the hold-the-line program. The national office, our field offices and local war price and rationing boards will continue their work without interruption or change of direction."

Mr. Galbraith, a former Princeton University professor, was one of the leading supporters of the regime in the OPA organized by Leon Henderson, former Price Administrator, since May, 1941, and had been held over under Administrator Brown.

Fundamentals Of Prosperity

Roger W. Babson Explains Real Wealth

In a recent article, I brought out that, **under our capitalistic system,** the middleman is in the best position to weather the inflation storm. I also stated that the farmers and wage workers might be obliged in the end to be responsibile for the greater portion of our national debt. However, debt and inflation are not the only troubles we may have to face. The possibilities of a long War, of radical changes in our social order and other contingencies may ultimately result in real trouble. If such should come, how can we or our children be protected?



Roger W. Babson

Land vs. Securities

The United States is almost the only nation in the world in which securities representing capital have not yet been confiscated. I do not believe that I or my children or my grandchildren will live to see this happen here. I do believe that perhaps my great-grandchildren, if they are lucky or unlucky enough to inherit anything from me, may live in a time when they must work in order to eat. In other words, perhaps I should do more for my present and ultimate heirs by forcing them to work than by leaving them rents to collect or coupons to cut.

I was brought up on a farm and my work has brought me in close touch with many farmers and their problems. Furthermore, as an economist, I recognize that land, children and character are our only real wealth. As in the case of securities, however, the value of land and children or the income they may produce is subject to change. The Astor family fortune of many millions was derived from New York City real estate. It is illustrative of the growth possibilities characteristic of well-located or productive land held through several generations. Yet, while this particular fortune was growing, many land **speculators,** along with security speculators, lost large sums.

Hard Work Always Pays

Without some real work being done, neither the owners of stocks nor the owners of land make money in the long run. There is no easy road to prosperity. For example, before buying any considerable amount of a stock or a bond issue, I take certain fundamental steps. These consist of visiting the plant or officers of the company whose securities interst me. I meet the officers and determine whether the management is capable, honest and progressive. I also try to obtain stockholders' lists to see who my future associates in ownership will be. Figures relative to earnings, dividends and interest, production or sales are easily obtainable; but it may take days and months of travel, interviewing and investigating before the hidden values in any investment situation may be uncovered.

Likewise, the real value of land or other forms of real estate, such as stores, office buildings, farms, acreage, homes or subdivisions, can be determined only after consideration of location, soil analysis, weather records, population trends and other factors. One should devote considerable time to personal investigation before exchanging one form of investment for another or before making any investment of consequence. I might be in a position to make a large investment in farm land, but in doing so I would be dependent upon some one else to work the land and even to supervise the job. In other words, I would be simply an absentee owner. This is another reason why I have confined my investments to securities. But for the man who will study land values, who can get out upon his property, roll up his sleeves and go to work—then, and only then, do I say, "Go back to the land"! Of course, the ownership of other types of real property also requires personal attention.

Long-Pull Protection

Certainly the last thing that will be taken away from my children or grandchildren will be their homestead and their skill. Under the communistic system Russia re-distributed her land in the form of cooperative farms; but in that country the situation was quite different from anything that we have experienced here. In Russia and in Poland, too, the great bulk of land was held by very large estates individually owned or controlled. It may have been entirely proper to have the use of such land re-distributed among the people. Such a situation does not exist here. Even if our national debt reaches a point where confiscation of some securities might become necessary in order to reduce it, the homstead of forty acres or less should not be disturbed.

Really, the men and women who are trained for some real job may, in the end, be the best off. Consider again the middlemen. They care little whether the goods which they sell are manufactured in the United States or some foreign land; they really pay little or no taxes. I repeat that they are a favored class under the capitalistic system. If, however, our capitalistic system should ever break down and the farmers and wage workers get in control, these middlemen might be subject to terrific persecution. Hence, for temporary benefits, be a middleman; but for long-pull security be an **expert** farmer, machinist, engineer or chemist. And for that matter, the professions, also, offer opportunities.

The important thing is that our children and grandchildren be brought up to expect less rather than more from their parents and their grandparents. That they be taught that real wealth can come only through their ability to do better than anyone else in their community some honest, useful, technical or professional work.

President Signs Bill Extending Soft Coal Act

President Roosevelt signed on May 21 the legislation extending the Bituminous Coal Act of 1937 for 90 days beyond May 23. The House approved the extension resolution on May 14 and the Senate on May 22.

The Act, setting minimum prices and determining certain fair trade practices in the soft coal industry, originally was due to expire in April but a 30-day extension was granted (referred to in our issue of May 13, page 1781).

The original resolution passed by the House on April 20 provided an extension of 120 days but the Senate amended it to provide for only a 30-day extension. The present action carries out the provisions of the original resolution.

The House Ways and Means Committee will soon take up the bill calling for a two-year continuance of the Act.

New Post-War Social Security Plan Offered In Congress—Workers Would Give 6% Of Pay

A bill to provide a vast new post-war social security program was introduced in Congress on June 3. The measure, offered in the Senate by Senators Wagner (Dem., N. Y.) and Murray (Dem., Mont.) and in the House by Representative Dingell (Dem., Mich.), was described as an "American plan," containing many variations from the "cradle-to-the-grave" plan proposed last year in Great Britain by Sir William Beveridge, British economist.

Senator Wagner, who is one of the authors of the present Social Security Act, said in introducing the bill that it was offered "simply as a basis for legislative study and consideration," and covered broadly the economic hazards of average people "throughout their lifetime." The legislation, Mr. Wagner asserted, increases the old-age benefit allowances for workers and their families and extends coverage to 15,000,000 persons now excluded, such as farm workers, domestic servants, employees of non-profit organizations and independent farmers, professional and small business men.

Under the bill, Mr. Wagner said, contributions into a social insurance trust fund would be about $5,000,000,000 more than under the present law, with most of the increase coming out of the wages of workers themselves.

According to the Associated Press, the bill would:

1. Assess a 6% employee and 6% employer contribution on all wages up to $3,000 to finance a national social insurance system.

2. Provide public employment offices, increased old age and survivors insurance as well as insurance covering permanent disability and lump-sum death benefits, unemployment, temporary disability, maternity care and other medical attention and hospitalization, protection of social security rights for armed force members and unemployment allowances when they are demobilized.

The measure has the endorsement of the American Federation of Labor and the Congress of Industrial Organizations.

In special Washington advices June 3 to the New York "Times" from C. P. Trussell, it was stated that "the program departs from the Beveridge plan in financial and other phases and follows only in part the more general proposals advanced earlier by the National Resources Planning Board. These advices also said in part:

"It would be financed at the outset mainly by workers and employers on a pay as you go basis, with the Government coming in later, in ten or 15 years, to take over a share.

* * *

"The measure would establish a system of public employment offices to help war workers and veterans find employment in private industry and on farms. The system of social insurance would be unified, with one set of contributions, one set of records and reports, and one set of local offices, to simplify the program for workers, employers and the public.

"Whereas the Beveridge plan would put more than half the cost upon the general treasury in the first year of operation, the insurance plan under the Wagner-Murphy-Dingell measure would be financed at the outset by equal payroll contributions of employers and employees, except for the payments into the fund by the Treasury to cover the insurance rights of war veterans and some additional increases out of general revenue for grants to the States for public assistance.

"Under this bill," Mr. Wagner said, "contributions into a social insurance trust fund would be about $5,000,000,000 more than under the present law, and most of the increase will come out of the wages of the workers themselves."

This plan, Senator Wagner added, would tend to curb inflationary spirals. There will be an inflationary gap of about $25,000,000,000 this fiscal year, he said, creating a pressure upon price ceilings which cannot be eliminated by price control or rationing alone.

By increasing social insurance collections now, he said, earners representing almost seven-eighths of current income, would be reached. This group, he said, must be our chief reliance in obtaining the necessary increases in taxes and savings.

"At the same time," he said, "we avoid the post-war inflationary danger of ordinary savings, war bond purchases, or even forced savings, because social insurance contributions cannot be redeemed, canceled out or converted into a loan or a cash surrender."

According to Phelps Adams, in an account to the New York "Sun" from Washington June 4, the bill that day appeared to face rough sledding in Congress. The account in part continued:

Members were divided sharply in their appraisal of its virtues and faults.

Somewhat narrower in scope than its British counterpart, but substantially more lavish in the benefits which it proposes to heap onto Americans of all ages and circumstances, the bill embraces a number of highly controversial provisions. While it has the solid backing of organized labor, there was little likelihood today of its enactment during the present session of Congress and only a slim probability of passage before the termination of the war.

The *immediate source of controversy* among the members of Congress was to be found not so much in the revolutionary changes proposed in the present social security system as in the questionable effect which such legislation would have upon the political and economic situation on the domestic front during war time. Argument here centers in the proposed 12% pay roll tax to finance the luxuriously enlarged benefits afforded by other parts of the bill.

This tax would be borne equally by employer and employee—the employer paying twice as much as he now does and the employee paying six times the present tax. Advocates of the bill argue vociferously that its immediate adoption would be a contribution of inestimable value in the fight which the Government is waging against inflation. In support of this position, they argue:

1. That the fundamental cause of the inflationary spiral is the fact that consumers today have many billions of dollars more to spend than there are goods to buy.

2. That no inflation controls yet put into operation by the Government strike directly at this fundamental problem, but instead, the Government has sought by purely artifical means, such as price control, wage control and rationing, to prevent the natural operation of the law of supply and demand.

3. That existing controls have failed and may be expected to collapse completely unless something is done to siphon off the excess purchasing power of the consumers.

4. The bulk of this purchasing power is to be found in the hands of wage and salary earners, particularly in the lower brackets, where the income tax rates touch them relatively mildly.

5. No better way of siphoning off this purchasing power can be found than by the imposition of the 12% pay roll tax called for in the Wagner bill. While the employer pays 6% of this tax, they argue that in the last analysis most of the 12% comes out of the employees' wages.

6. They believe that the only other way to strike at this great reservoir of unspent wealth is through a sales tax, but whereas a sales tax, in their opinion, is regressive and imposes a disproportionate share of the tax burden upon low income groups, the pay roll tax, under this social security law, pays handsome dividends to these workers in the form of cradle-to-the-grave security.

Opponents of the legislation reach an exactly opposite conclusion from exactly the same set of facts. They argue:

1. As matters stand today, the wage earner, when he receives his pay check, finds that it has been docked a total of 6%—1% for Social Security taxes under present law and 5% for the Victory Tax.

2. Under the new tax bill and under the provisions of the new social securities bill, if it were enacted, he would be docked 26% at each pay period—6% for Social Security and 20% withholding tax.

3. If—as millions of Americans have done—he has signed up for war bond purchases under a payroll plan authorizing his employer to withhold an additional 10% from his salary for this purpose, the new bill would mean that more than one-third of his earnings would be taken by the Government before he even put his hands on his pay envelope. Moreover, if Secretary Morgenthau's statement that Americans should contribute at least 25% of their income to bond purchases is any criterion of the pattern of things to come, this would mean that more than half his salary would be deducted at the source.

4. The inevitable effect of this *situation would be to stimulate an irresistible, wholesale demand for sweeping wage increases* by workers everywhere and the last vestige of governmental control over wages would be shattered.

5. Farmers, in turn, inevitably would seek and obtain through Congress compensatory increases in the price of their products, which, in turn, would cause pressure for further wage increases, and the resulting dog-chase-tail whirlwind of inflation would rage unchecked throughout the land.

Australian Reciprocal Aid To United States

Commenting on a statement reported to have been made by Senator Tydings before the Appropriations Committee, Australian Foreign Minister Herbert V. Evatt on May 25 said:

"The answer to the suggestion made at the hearing before the Senate Committee that Australia might have furnished the labor for airfield construction 'without cur (United States) paying for it' is a very simple one.

"Australia is paying for it.

'Indeed, Australia is paying for the supplies, materials and services available locally and required for military projects, tasks, and similar capital works necessary for the common war effort in Australia.

"As a matter of fact, Australian financial resources are being strained to the utmost in order to provide these goods and services. This is a burden that is bladly shouldered by the Australian people; but it is important that the people of the United States should know the facts. For instance, in the present financial year alone, more than £50,000,000 ($170,000,000) will have been spent by Australia on Lend-Lease aid to the United States."

Lammot du Pont Asks Individuality In Post-War Planning

(Continued from first page)

preserve. There will be other millions, many millions of our men and women who have been working in war plants, which no longer will have employment for them. They cannot all create jobs for themselves. They must turn to others for gainful employment. Here is a very considerable segment of our total population who will be seeking the opportunity to work in industry.

Now, mind you, our industries, like these people, will be changing from war work to peace-time production. Never in history has there ever been such an industrial transition as has occurred in this nation in the last two years. Practically every plant, great and small, has turned in the shortest period from normal production to war and essential civilian production—and to its everlasting credit has accomplished the transition amazingly well.

What must be appreciated is that industry again must engineer an epoch-making swing, this time back to peace, and just as promptly, just as completely, as it has gone all out for war. Such transition is vital if there is not to be a hiatus bringing unemployment, unhappiness and, not improbably, but certainly not justifiably, demands for regimentation and changes in our free enterprise system.

Business men already have been placed officially on notice that private initiative must be ready to occupy its rightful place when the war is over—or else. Such notice, for instance, was given by Jesse H. Jones, the Secretary of Commerce, in an address before the Committee for Economic Development in New York on April 14 last, when he said:

"This much is certain, if the business men of the country, either through the Committee for Economic Development or in some other way, do not have concrete, practical suggestions for the conversion of industry from war to peace, Government will have to make the decisions. Under such circumstances what the Government does may not be to your liking. In that event we (business men) would have only ourselves to blame, for it seems to me that, if the past 10 years have taught us anything, it is that business cannot merely express dislike for what Government does. It must be prepared to offer practical solutions based not on privilege—but service and the common welfare."

Secretary Jones speaks honestly. I welcome his forthrightness, to whatever extent I may disagree with him. Not only must there be practical suggestions for the conversion of industry from war to peace, but I would add that industry must devise methods right now for greater employment after the war than was available before the hostilities started. If industry fails, the alternative is not Government, as the Secretary states, but first those who are neither industry nor Government, the **potential** employers, and they are legion.

I hold it to be a self-evident truth that full employment is the key to prosperity in the reconstruction period. In my opinion, there is no magic source of wealth, Government or otherwise, for the peacetime years which lie ahead. No bounty of which I have knowledge can bring permanent prosperity. Any form of dole or handout, whether at home or abroad, can result only in loss of initiative, loss of self-respect, and ultimate despair on the part of the recipient and bankruptcy on the part of the donor.

As far as is humanly possible, jobs should be provided by private industry for all who want to work and are able to work. This will be one of the major problems of the reconstruction period. Given favorable conditions under which industry can operate, I am confident that it can be solved. In this connection there is a "freedom" which has not been sufficiently emphasized. I refer to freedom to work, without interference, without paying anyone for the privilege—to which freedom from want is a logical corollary. I do not mean freedom from want as represented by the gift of a quart of milk per day. I do mean freedom to work and earn enough money to buy milk, and, for that matter, everything else that is needed.

Fundamentally, it seems there should be jobs aplenty in the post-war period. Certainly there will be a tremendous demand for various consumer goods that were manufactured on a restricted basis, if at all, during the war. Most of you probably know of the survey conducted a short time ago by the United States Chamber of Commerce on the post-war prospects for consumer demand. Their release on this subject, dated Jan. 12, 1943, states:

"Because the questioning technique is aimed at **conservative** estimates of post-war purchases . . . . the consumer demand reported . . . . represents a **minimum** index of the actual demand for goods and services that would exist if the war should end tomorrow."

The report points out that if the war ended immediately, commitments for the ensuing six-months period would comprise the following:

53% of U. S. families believed they would make purchases of one or more major articles.

More than 2,500,000 families intend to buy, or will attempt to buy, automobiles.

Nearly 1,750,000 families intend to buy a washing machine, stove, vacuum cleaner, radio, electric iron, living and bedroom furniture.

Approximately 500,000 families intend to buy a sewing machine.

Nearly 750,000 intend to buy dining room furniture.

In addition slightly more than a million families intend to build or buy a new home.

34% of the home owners in America said that if the war ended tomorrow they would almost certainly make some sort of improvements or repairs to their properties within six months.

In addition to improving their homes, 58% of farmers who own their own homes said they would make farm improvements. 81% said they were actually putting money into some form of saving, investment or debt reduction.

Significantly, about 73% of the people canvassed said they felt they were at least as well off financially as they were a year previously.

The list, of course, is incomplete. It serves primarily as an index of the unprecedented demand that will exist at war's end for consumers' durable goods. Estimates have been made that at the end of this year the accumulated demand for such goods will amount to $12,000,000,000 dollars.

Further, as pointed out in a recent excellent report of the National Association of Manufacturers, the volume of peacetime goods the public actually will buy will depend upon four things: (1) the public's need for the goods; (2) the ability of industry to supply the goods; (3) the public's ability to pay for the goods; (4) the public's willingness to use its buying power for the purchase of these goods.

Each of these four points has been ably discussed in the report. I shall not dwell on them here. It is obvious, however, that the public's need for the goods is great, that the productive capacity of industry will be at an all-time high, and that the public, with the wide-spread savings now being made in War Bonds, and otherwise, will, barring serious inflation, have the ability to pay for the goods.

The point of doubt is the public's willingness to use its buying power for the purchase of these goods. That depends largely on the ease with which employment is available and the confidence of the general public that "rainy days" are not ahead, demanding a conservation of their resources.

Although the nation will have the greatest productive capacity in its history when peace comes, it will be no simple matter to transform all of our swords into plowshares. We in the chemical industry may be somewhat more fortunate in this respect than some of the other industries. While plants making tanks, guns, and planes cannot start making automobiles tomorrow, many chemicals and chemical products now going to war will find peacetime uses just as soon as the war is over. Nylon yarn for parachutes is not fundamentally different from nylon yarn for hosiery. And dyes for Army and Navy uniforms are very much the same as dyes for various civilian goods. This is even more true of basic chemicals.

But in all cases intelligent planning for the post-war period will be necessary—planning well in advance of the war's end in order that the transition from war production to peace economy may be effected with a minimum of difficulty and delay.

If I might use our own company as an example, I can say that it, like many others, feels a keen responsibility in this matter of providing jobs. More than a year ago a group was set up in our Development Department to consider the post-war problems, including the reemployment of former employees now in the armed forces.

A rather exhaustive survey was made by this group to determine, among other things, what new products the company would have ready for immediate exploitation in the post-war period, what existing products might find increased outlets, and the prospective post-war increase in annual sales volume.

An estimate was also made of the employment that might be provided by the prospective post-war increase in volume of business. Finally, specific recommendations were made for the guidance of the several operating departments.

For example, it was recommended that each operating department (1) prepare definite plans to be followed on cancellation of Government orders; (2) prepare definite plans for converting quickly to normal peacetime products; (3) plan in advance the rate of production required for all products to supply the current demand and rebuild inventories; (4) make plans, to the design stage, for new plants, either for expansion or for the manufacture of new products; (5) make advance marketing studies and plans, estimates of requirements, etc.; (6) study each item produced to determine if changes during the war period have developed new uses for it, or eliminated its use in any product; (7) consider the use of raw materials, now being used for war products, which will be available in excess quantities after the war, for the manufacture of new products, or to replace more expensive raw materials hitherto used; and (8) estimate the number of employees required for post-war production, and have definite rehiring plans ready to execute.

The report of our post-war planning group, including the recommendations outlined above and a number of others equally important, was adopted by the company's Executive Committee, with the request that the various operating departments make frequent periodic reports on the progress being made in the study of their particular problems. In the meantime, our special post-war planning group is continuing its study of the broader, over-all company aspects of plans for the post-war era.

I might add that the survey made by our post-war planning group indicates that the new projects which du Pont will be ready to launch when the war is over, together with increased outlets for existing products, is expected to give rise to an all-time high in peacetime employment. Such a result, of course, assumes that the country will have a sound economic system, that there will be no seriously abnormal man-made business conditions or other difficulties which cannot be foreseen now. It assumes that certain fundamentals will be respected, for instance: (1) sound money based preferably on the gold standard; (2) taxes at such a level as to give industry the incentive to expand and pioneer; and (3) that government will abstain from competition with business.

I have every reason to believe that we are not alone in devising ways and means of materially increasing post-war employment, that many forward-looking companies are also prepared to take employment up to new highs. This must be done, because more jobs, a great many more jobs, will be needed than the normal ones of pre-war commercial production and civilian activity. There were too few jobs for 10 years before the war. The principal ways that new jobs can be created are through expansion of products, new products, or cheaper methods of manufacture which induce increased consumption and, therefore, increased production.

This spells increase in the standards of living and takes up the employment slack caused by the large number of men returning from the armed forces and those let out by industries now strictly devoted to war. The Government cannot successfully take up the slack. If it attempts to do so by huge public works programs, it either brings about high taxation or inflationary borrowing, both of which eventually are paid for in jobs. If it attempts to do it through manufacturing or other commercial activities, it merely competes with private enterprise and throws other men out of work.

It is here that planning, industrial planning, comes in. It cannot be repeated too often that we are doing the greatest war job ever given to industry and, simultaneously, are preparing for our greatest peacetime responsibility. Here is a fundamental, as I see it. Under the private enterprise system, one must do the planning for one's self. By this I mean the individual must plan for the individual, the little company for the little company, the corporation for the corporation. Each and every entity must plan for itself. It cannot leave its planning to others. Enforcement of a plan upon someone else is dictation, and dictation never is acceptable to anyone.

Meetings of committees and regional and national conferences serve a useful purpose. They give incentive. But when problems are actually tackled, each company or corporation must consider its own needs and work out each solution, not, selfishly but with consideration of the greatest good for the greatest number, with fair profits to the manufacturer as well as fair wages to the worker and fair prices to the consumer.

Corporation planning is very similar to individual planning, if not substantially the same thing. They are both the application of resourcesful thinking and reasoning toward the solution of our particular problems. This makes for self-reliance; self-reliance as distinguished from dependence which encourages paternalism. The less we have of that in the future the better. Another contribution to employment is the recognition of success by suitable reward, meaning promotions, salary advances, commissions, bonuses, profits, and the like.

Government, its policies and its procedures, always is a dominating factor. Necessarily, the nation plans for the nation. This is statesmanship. If comment on government activity in such matters is permitted an industrialist, I would say its purpose always should be to increase and develop the productivity of the nation as a whole so that there will be constantly more and more goods for all the people to enjoy. Regulations which have that effect are entirely proper and, indeed, helpful. But regulations which have the effect of reducing total production by destroying incentive, hampering initiative, tying up productive activity in red tape, are a form of regimentation which the American people must reject, if they are to preserve and continue the kind of enterprise which has made this nation great and enabled its people to enjoy the greatest abundance of any nation on the earth.

I would be the last man to suggest that free enterprise should be left so free that it would be subject only to the law of the jungle and the survival of the strongest. But it should be free for the development of all the initiative and incentive that can be coaxed out of every individual, whatever his station in life. It should be free for the encouragement of every man with savings to put those savings to work in a productive way toward the greater development of the country. And to that end saving on the part of every individual should be encouraged. It should be free for the development of every scientific idea, for from the test tubes of science come great improvements in living standards. It is out of these same test tubes that the major improvements of the future give promise.

I have heard it argued that $50,000 spent in certain research projects has done more for the permanent improvement of agriculture than all the hundreds of millions that have been expended for agricultural relief. I do not wish to imply that many of the expenditures in behalf of agriculture should not have been made. But I do mean that much of the money so spent might have been more wisely used and of greater value to agriculture had more of it been spent on research to find new uses for agricultural products.

As it is the part of industrial statesmanship to plan for the future of industry, so it is the part of national statesmanship to plan for domestic and world conditions under which industry, individuals, and the American people as a whole can develop themselves to the destiny which we know is possible. The greatest contribution that Government can make toward the steady increase in the American standard of living, aside from national defense, sound money, efficient mails, protective tariff and fair courts, will be made if Government avoids competition in the industry and confines itself to the strictest protection of the equality of opportunity for individuals and enterprise, and to the encouragement of individual and corporate venture into new fields. If the larger problems can be solved in such a way that enterprise will have the freedom to produce for useful consumption without being too heavily burdened with production to maintain armies and governments, without being held back by the constant lack of confidence produced by crack-down philosophy in high places—if this can be done, the

period that follows this war will be a Golden Age.

Here is an example of what I mean, an example of industrial initiative making for increased production and resulting in notable savings. A company with which I am acquainted has been engaged, among other things, during the last year or two in manufacturing machine guns. In January, 1942, the building of a single gun required 133 hours of man labor. Due to improvements in manufacture, that total was reduced by March of this year to 48 man hours, a decrease of 64%. More, the cost per gun was cut from $405 to $148, a decrease of 63%.

All through American industry similar technological developments have been made under the pressures of this war. Today the advances from them are directed toward the winning of this war. Today these developments are winning the American victory.

Tomorrow, given the freedom to operate these techniques to the best advantage, given freedom from restraints and from unnecessary backstraining and unproductive burdens, the fruits of all the advances that we have attained will be ready for the enjoyment of Americans.

The problem is no longer how to produce enough so that every man who works and does his share can have things he never before dreamed of owning. The problem is not how to build the machinery. The problem is how to take away the cold, dead hand of bureaucracy that, until released by the demands of this war, held the throttle at half speed.

It is important that the kind of Government planning we are to face shall be clearly defined now. The planning of industry for its part of the task—employment, production, distribution, development—will necessarily be dependent on the kind of Government planning that exists in respect to industry.

One way Government can assist greatly is for it to practice economy and efficiency in its own affairs, thus keeping the burden of taxation at a minimum, and goodness knows taxes are going to be extraordinarily heavy under any circumstances. Any broad pattern into which the detail of Government action will be fitted should include, first of all, sound money backed by a Government that keeps its own financial house in order and that encourages people to save by assuring them that the dollar they save in the first post-war year will be the same dollar years hence.

It can be done by a policy of fairness in dealings with industry of all kinds—a policy based on the inter-dependence of industry and public, rather than one designed to stir up discord from any selfish political motive.

It can contribute much by scrupulous honesty and integrity in the performance of its own obligations. It can provide valuable incentives by avoiding retroactive laws either in respect to taxation or other matters. It can keep statutes simple, clear and explicit, so that an army of lawyers on the part of both business and Government are not necessary in order to bring about compliance and to eliminate confusion and uncertainty.

It can avoid using its vast powers in competition with the people instead of in collaboration with them. It can avoid laws and regulations which are unnecessary and serve no useful purpose except to put tax-eaters on the Government rolls for the purpose of enforcing them.

All these things, together with a spirit of cooperation instead of a spirit of chastisement, will give industry the opportunity to plan, the incentive to plan, and the willingness to take risks in order to bring to fruition the tremendous developments that are awaiting the new world after peace.

It is not the function of business to plan or propose the details of international relationships. That is strictly a function of Government, although it is one in which each of us as individuals has a great stake.

But there are certain broad objectives in the international planning which seem to me so self-evident that they should not be the subjects of contradiction or debate.

First, and most important, the relationships which emerge from this war should be such as to carry, so far as humanly possible, the assurance of enduring peace.

Second, they should be such as to permit widespread world trade and opportunity for the various peoples of the world to develop along lines of their own choosing.

Third, they should be such as to assure a maintenance and an increase in the high standard of living to which Americans look forward, and to avoid the throwing on this country of depressing burdens which can only encourage unrest, stagnation, and failure to reach our own high destiny.

Except in the case of enemy nations, it seems to me basic and fundamental that we must not expect other countries to do what we ourselves are unwilling to do, such as reduction of armament, removal of trade restrictions, change in form of government or laws. We should neither ask, accept, nor give any special privilege or territorial domination. Any world or national policing that is necessary should be paid for, at lease in considerable part, by the peoples it is necessary to police.

Finances should be organized on a sound basis and rehabilitation loans made with an assurance of repayment satisfactory to our people.

Since science knows no boundaries, there should be no handicaps to the unrestricted transfer of knowledge and methods.

In a post-war world founded on such principles, I have no doubt of America's ability to hold its own and prosper while it points the way to the world, as it surely will, in development for the future.

Col. Gwynne Honored For 50 Years Service With State Chamber

Col. Charles T. Gwynne, Executive Vice President of the Chamber of Commerce of the State of New York, was the recipient of many congratulations at the monthly meeting on June 4 as he entered upon his 50th year of service on the staff of the organization. The event was observed at the luncheon which followed the meeting by placing a large birthday cake with 49 small lighted candles and one large unlighted one on the table at which Col. Gwynne sat.

Frederick E. Hasler, President of the chamber, and John L. Collyer, President of B. F. Goodrich Co., who was the speaker at the meeting, were the first to extend their congratulations.

Col. Gwynne entered the employ of the Chamber in 1894 as a clerk, was made Assistant Secretary in 1909, elected Secretary in 1915 and in 1924 became the First Executive Vice President the Chamber ever had. He has a nation-wide acquaintance with commercial organizations and is regarded as "the dean of chamber of commerce executives in the United States."

From Washington

(Continued from first page)

war for which the poll takers find the people unwilling to replace Mr. Roosevelt.

The statement about what the Bureaucrats will have done to us is not confined to my own observations. It is the conviction, it is the worry of some of the most responsible men in Washington. It is, in fact, a matter of serious concern regardless of the length of the war. It is Hitler's and Mussolini's greatest hope.

It should be said, however, that there are mighty few persons of importance in Washington, who privately think the war in Europe will still be on 18 months from now, or even 12 months. There will be some sort of an emergency state over there. As I have said before, our managers are working for a prolonged armistice period. It will be on this basis, the need for Mr. Roosevelt's retention to work out the peace, that the attempt will be made to sell his fourth term candidacy to the people.

In the meantime, the polls are of tremendous propaganda assistance to him. They tend to take the heart out of the opposition. Particularly, do they tend to break up any possible political revolt in the South.

In connection with this fourth term speculation, the most recent development has been the discarding of Henry Wallace as the Vice-Presidential candidate. White House sources are assiduously peddling the story that he has turned out to be a political liability. To hear them talk you would think they have just now discovered that Henry couldn't carry his own State in 1940. The fact, of course, regardless of the stories that are circulated, is that Henry has come to be of "too towering stature." He is experiencing what Jim Farley, Cordell Hull and Jack Garner experienced. Their names came to appear in the headlines too often. The thing that set the hounds after Henry was his "triumphal" tour of Latin America.

The whole basis for Mr. Roosevelt's retention and for Churchill's retention in Britain, is that neither country has another man approaching their stature. And, manifestly, nobody will ever attain their "stature" if he is not permitted to do so. It is a fact, too, in the case of American Presidents, that they look pretty ordinary up until noon the day of their inauguration. It is when they take that oath of office, come into possession of the vast patronage system, the power of their office, and the Secret Service men shift from the outgoing President to the incoming one, that the "stature" appears.

Joe Davies' movie debut has turned lose a flood of professional and non-professional criticism. The professionals begin screaming at the very opening of the picture when Joe appears and dramatically tells how the President suddenly called him to the White House and importuned him to do his country and his friend, the President, a service by taking the Ambassadorship to Moscow.

Well might they scream then, because it is certainly a piece of historical inaccuracy and it shouldn't be permitted to go unchallenged because it will give posterity a completely wrong impression of how our Ambassadors are selected.

It cost Joe $148,000 to get the Russian post. Of this amount $100,000 went to the Democratic National Committee, and Joe wanted to be sure that when he got the appointment he sought, there wouldn't be any trouble in the Senate about it, so his total contributions to Senatorial campaigns amounted to $48,000. It is a fact that he made some sort of a "sacrifice" by accepting Moscow. He and Marjorie had been bidding on the Court of St. James, and the whole time they were in Moscow they were restless to get away. Finally, they were sent to Brussels.

Joe, even in his sunshine and light philosophy, ought not to be peddling the story that the way Ambassadors are appointed is for the President to call them up and beg them to serve their country. The Democratic National Committee and the Republican National Committee, too, are embarrassed when these stories are circulated. Imagine their predicament if in the future, Ambassadorial aspirants will just hang back waiting for the President to call them, without a first calling upon the committee treasurer.

There is a suggestion of devilishness in what Joe is doing because after the war, presumably, we are going to have some more social posts abroad—on that big world thing they're planning to set-up. Presumably this organization will have the most socially desirable posts in our diplomatic service, assuming of course, that the headquarters is in Europe.

Dictatorship And Regimentation Feared

Senator O'Daniel in a letter to South Texas poultry raisers, expressed the belief on June 7, that high Federal authorities were carrying out a plan for a dictatorship and "regimentation of our people" and declared that a big housecleaning of elected officials was necessary to save the nation. This is learned from an Associated Press dispatch from Washington on June 7, which went on to say:

After reporting that he had conferred with "these Washington czars and bureaucrats," he said:

"You may think they are ignorant or are not fully informed. I have a different conception of them and their 'planning.' I believe they are taking orders from somebody and that what they are doing is only part of a plot to change our form of government into 'Communism,' 'Socialism' or some other foreign 'ism' which means a dictatorship, and a regimentation of our people and abolishing our 'private system' of enterprise.

"The only way to save our nation, if it can be saved at this late hour, is for the people to make a big house cleaning of elected officials of our Federal Government, and put men in office who believe in our Constitution and our American system of private enterprise and who will not only make speeches favoring it, but will vote the same way they talk."

Bill Introduced For Liquidation Of OPA

A bill calling for immediate liquidation of the Office of Price Administration was introduced on June 7 by Representative Hartley, said a United Press dispatch from Washington, on June 7, which added:

He said his bill, an amendment to the Emergency Price Control Act, would place OPA's powers "in other departments where they actually belong."

Authority over food matters would be turned over to the Office of War Food Administration, oil and petroleum problems would be handled by the Petroleum Administration, and rent control would be the business of the National Housing Agency.

All other OPA functions would be turned over to the Office of Civilian Requirements of the War Production Board and "the OPA Frankenstein would be liquidated at once," Mr. Hartley said.

Grocers Ask Change In OPA Price Regulations

The House Small Business Committee was told on June 7 by spokesmen for retail grocers that thousands of them would be forced out of business unless OPA price regulations were changed, according to an Associated Press dispatch from Washington on June 7, which continued:

First of a group of witnesses here for three days of hearings on the gorcers' complaints, P. M. Brinker, of Dallas, president of the National Association of Retail Grocers, said OPA price-margin rulings were so impractical as to lead to a suspicion they were drawn by some one whose "experience in the food line has been with his feet under a table, pulling the meat off a chicken leg."

"Small business is everywhere on the defensive, fighting a desperate, rear-guard action for survival," Mr. Brinker said. He recommended that all food controls be placed under one head and prices be set at the producers' levels, with markups in the retail and wholesale fields to be added.

W. D. Hadeler, secretary of the California Retail Grocers and Merchants Association, San Francisco, told the committee that present pricing plans do not allow margins sufficient to permit retailers to stay in business.

He objected to repeated warnings by Government agencies advising consumers to watch prices in grocery stores.

"We resent the repeated inference that retailers are culprits interested primarily in gouging their customers of long-standing," he added.

He filed an exhibit showing that on one popular brand of breakfast food, the lowest possible price to the retailer was $2.04 per case of 25 packages, with a price ceiling of eight cents per package, entailing a loss of 12 cents a case.

Mr. Hadeler recommended abolition of OPA courts, reduction of the number of reports required from business, and dismissal from the OPA of "all persons who wish to inject their theoretical plans for the reform of business."

Will Discuss Army Transport Problems At Chamber Of Commerce

Maj. Gen. Charles P. Gross, Chief of the U. S. Army Transportation Corps at Washington, will address a special meeting of the Chamber of Commerce of the State of New York to be held at 65 Liberty Street at 12 o'clock noon today (June 10). He will discuss the problems involved in transporting the largest force of fighting men over the greatest distances in the history of warfare.

This will be the first public address which Gen. Gross has made since his appointment to his present post last August when the Transportation Corps was organized. Before that he was Chief of Transportation in the Services of Supply, which was organized in February, 1942. He was a member of a Special War Supply Mission which went to Russia in September, 1941. A graduate of West Point, he went to France with the 318th Engineers in 1918 and served in the occupation of the Gerardmer Sector and in the Meuse-Argonne offensive. He was awarded the Purple Heart for bravery in the Gerardmer Sector.

Executives of railway and steamship lines and port officials have been invited by Frederick E. Hasler, President of the Chamber, to hear Gen. Gross speak. Admission to the meeting, which will be followed by a buffet luncheon, is limited to Chamber members and invited guests.

President To Sign Pay-Go Tax Bill—Sees Need For Further Taxes And Forced Savings

(Continued from first page)

their March 15 and June 15 installments credited to what they owe this year.

Abatement — Full year's back tax cancelled for all persons who owe $50 or less, with $50 of the amount being abated for those who owe up to $66.67. Those who owe more than that amount will find 75% of either 1942 or 1943 (whichever is lower) tax cancelled, must pay the remaining 25% in two annual installments, beginning next March 15.

Withholding—a 20% levy on wages and salaries—above basic exemptions of $12 weekly for single persons, $24 weekly for married, plus $6 weekly for each dependent—goes into effect July 1. (Members of armed forces, domestic servants, casual workers, farm workers, ministers and some others exempted.)

Estimates—Everybody with $100 or more earnings from sources other than wages or salaries (as well as those in wage brackets above $2,700 for a single person and $3,500 for married) required to file estimate of 1943 income by Sept. 15. Quarterly payments beginning that date required on all taxes due in excess of that withheld from pay rolls. (This means payment on all of the tax that is due from professional men, merchants, landlords and others without wage income.) All may file revised estimates Dec. 15 and farmers have until that date to file their first estimate.

Victory Tax—Of the 20% withholding, 3% represents collections on the 5% Victory Tax. The amount withheld is compared with the net tax due—after deductions for insurance premium, savings, bond purchases—in final accounting March 15, 1944.

Armed Forces—Basic Government pay up to $2,000 for single person, $2,7000 for married, plus $350 for each dependent, excluded from income tax. Back taxes abated for most persons who die in the service.

Windfalls—Persons with abnormal wartime income forced to compare their abated tax (75% of the lesser of either 1942 or 1943) with a mythical tax at the same rate on income (plus $20,00) in a "normal" year the highest of 1937, 1938, 1939, or 1940.

Final Adjustment—Final return on 1943 tax liability must be filed March 15 next year, as usual. Amount of tax already paid through quarterly installments or in withholding levy compared with amount finally determined to be due, with additional payment required or rebate granted.

Final passage of the bill by the House was noted in these columns of June 3, page 2060.

Labor Leaders Urge President To Correct OPA Food Policies And Easing Of Wages

Leaders of the American Federation of Labor and the Congress of Industrial Organizations appealed to President Roosevelt on June 3 to intervene in the Office of Price Administration and bring about corrections necessary to check the rising food price situation. Members of the Combined Labor War Board, headed by William Green, President of the AFL, and Philip Murray, President of the CIO, presented to Mr. Roosevelt a joint statement contending that OPA Administrator Prentiss Brown is unable to deal with the situation but did not request his replacement. They did, however, protest the appointment of Lou Maxon as Deputy Price Administrator on the ground that his policies run counter to rolling back prices, the stabilization of prices and effective control.

In Associated Press Washington advices of June 3 the following was reported:

"We presented to the President," Mr. Green said, "a complaint against the rising prices of food and submitted to the President a number of figures showing that the prices of foods in a large number of cities had increased 24 to 150% since January, 1941. We also submitted a joint statement in which we asked him to intervene in the OPA."

While saying that Mr. Brown's replacement was not requested, Mr. Green added that labor feels that there is a need that some specific instructions be issued and that some definite action must be taken to roll back food prices. Labor has suggested that they be pushed back to the May, 1942, level.

Asked how this could be done, Mr. Murray said that it might be accomplished through subsidies, as was done in England, where the Government appropriated £104,000,000 (about $416,000,000) annually.

"In a nation spending about $90,000,000,000 to run a war," he added. "it is the judgment of labor that our country can appropriate a sum of money of about $2,000,000,000 to roll back these prices and hold them at a level to enable workers to secure for themselves adequate standards, the kind of nutrition and other essentials necessary to maintain their morale."

He said that the President did not make any definite statement, but that he hoped that Mr. Roosevelt would go into the administration of OPA and bring about corrections necessary to roll back prices and stabilize them, as well as wages. Asked if it would not ease the coal crisis if the President were to follow labor recommendation on food prices, Mr. Murray said he believed that it would ease the entire situation of all workers and that it is "going to be extremely difficult to control the situation unless a more effective control over these factors is put into effect immediately."

Mr. Green said that the board also asked Mr. Roosevelt to take steps to get overtime pay for railway employees, particularly the non-operating workers, after 40 hours' work in a week. They get time and one-half now after 48 hours.

Later, on June 6, representatives of the American Federation of Labor and the Congress of Industrial Organizations unions stressed the growing dissatisfaction in organized labor with the Government's wage and price control policies and demanded effective action to roll back prices and the relaxing of rigid prohibitions on wage readjustments, said the New York "Times" of June 7, which added:

Meeting over the week-end at Unity House, the Union's summer home at Forest Park, Pa., the Executive Board of the International Ladies Garment Workers Union, AFL, headed by David Dubinsky, adopted resolutions declaring that Congress faces a "duty and a compelling obligation" to roll back prices to the levels of a year ago, by subsidies to wholesalers and processors if necessary.

A resolution adopted by the ILGWU Board pointed out that England and Canada have succeeded in holding commodity prices in check by means of Government subsidies and have thereby aided in exterminating black markets.

"Labor alone cannot be expected to 'hold the line' successfully, and unrest and tension cannot be solved by repressive legislation," the resolution declared.

The resolution also called on President Roosevelt and the Office of War Mobilization, headed by James F. Byrnes, to restore to the War Labor Board its original powers, "together with a flexible policy that would permit the national as well as the regional boards to operate with a living formula designed to maintain a truly proper balance between earnings and living costs."

Similar demands were made also at a city-wide conference of locals affiliated with the New York Joint Council of the United Wholesale, Retail and Department Store Employees, CIO, at the Hotel Astor. The demands received the approval of James B. Carey, National Secretary-Treasurer of the CIO.

Mr. Carey assailed John L. Lewis, President of the United Mine Workers, for staging the recent coal stoppages and "playing Republican politics."

Mr. Carey deplored the step taken by Mr. Lewis and his miners for reaffiliation with the AFL.

The ILGWU Executive Board held Congress responsible for the inability of President Roosevelt to put his stabilization program into effect, charging that "Congressional bungling and partisan political interests prompted by sectional pressures" have practically nullified the most effective parts of the President's program.

"While wages have substantially been frozen, we find effective control of the cost of living commodities to keep in step with wages, limitation of war profits, and even the ban on excessive executive salaries have been swept aside," the garment workers' leaders declared.

"The original powers of the War Labor Board have likewise been reduced to little more than the right to apply the rigid arithmetic of the Little Steel formula, while thousands upon thousands of wage revision applications are accumulating in the Board's files involving months of delay even for workers in the substandard low-pay industries and creating tension and unrest. Clearly, this disturbing situation calls for immediate action and remedy. The original powers of the War Labor Board should be restored to it together with a flexible policy that would permit the national as well as the regional boards to operate with a living formula designed to maintain a truly proper balance between earnings and living costs."

Establishment of a separate Wage Stabilization Board for the distributive industry was demanded by Mr. Altman at the conference of the CIO clerks—a demand applauded by the 250 delegates. Characterizing wages in the industry as substandard, he maintained that its employees should not be considered bound by the Little Steel wage formula.

The conference went on record in support of the national policies of the CIO calling for price rollback through the use of subsidies where needed, veto of the tax bill now before President Roosevelt, adoption of a fair tax program and "the appointment of strong administrators who will not be affected by any anti-stabilization forces in Washington."

Mr. Kyne presented the following program, which the delegates approved:

"Capable and willing administrators should be placed in charge of OPA who will be fearless and thorough in carrying out a progressive plan for economic stabilization.

"The Government should take heed of the actual experiences of other countries such as England, where the Government purchases all available and perishable items of foodstuffs for distribution through licensed retail outlets.

"Our people (the members of the Union), where they are employed in warehouses, wholesale establishments or retail stores, should take upon themselves the duty of reporting to their unions all specific violations of price control and rationing.

"Congress should grant a billion-dollar subsidy so that prices can effectively be rolled back to May, 1942.

"Penalties up to $20,000 and revocation of business licenses should be imposed upon black-market operators and price and ration control violators.

"Livestock should be placed under ceiling regulations.

"Immediate rationing of all clothing is necessary before shortages develop."

Governmental Policies Keep Markets Bare Of Meat

The present nation-wide artificial shortage of meat is caused by a buying and selling strike between livestock producers and the meat industry, according to a special write up of the situation by Tom Twitty, in the New York "Herald Tribune" of June 6, from which we also take the following:

Albert T. Wendel, President of the New York State Association of Retail Meat Dealers, representing more than 2,000 New York shops, asserted yesterday that if consumers follow OPA's advice and shift their purchases entirely from beef to lower-point veal, lamb, mutton and pork, the shortage problem will still remain unsolved for lack of the beef substitute types.

Mr. Wendel charged that devaluation of the meat coupons is unnecessary and that the consumer is the victim of a government policy of "doing everything but sending us meat when meat could be made available by relieving the price squeeze on the packers."

"Slaughterers can buy all the livestock they need to meet the full civilian quotas, plus all the needs of the armed forces and lend-lease, but they cannot buy it at the prices they are obliged to offer," he asserted.

Two cents a pound is the gap between producers and slaughterers which is creating the meat shortage, he said. Mr. Wendel is also head of the meat subcommittee of the New York food industry advisory committee of the Food Distribution Administration.

Reports of the Department of Agriculture supported Mr. Wendel's contention that there is plenty of meat—on the farms.

As of Jan. 1, this year, the Department estimated that 8% more cattle were on feed than at the same time last year, when an all-time record was set. This, it said, indicated larger marketing of beef cattle through the first half of 1943.

But on May 15, the Department report of beef slaughter under Federal inspection for January, February, March and April, showed only 3,500,288 cattle slaughtered, against 3,833,470 for the period the year before, when less was available. Presumably the cattle are still on the farm, pending dissolution of the price deadlock.

Veal slaughter the first four months of this year was 1,445,946, a drop from the 1,824,530 figure of 1942 and the five year pre-war average of 1,769,057.

In its first-of-the-year livestock inventory, the Department reported a 23% larger pig crop would come to market this spring and summer than the record spring crop of 1941. Twenty-four per cent more was estimated than for 1942.

Yet from January through April only 5% more went through the slaughter houses. The peak of slaughtering has now passed.

Sheep and lamb slaughter for the first four months is also down to 6,176,103, compared with 6,256,098 last year.

All the figures cited are nationwide and include supplies which have gone for all purposes—the armed forces, lend-lease, War Shipping Administration and the civilian trade. About 80% of the meat supply is slaughtered under Federal inspection, a higher percentage than in previous years, so that livestock diversion to non-Federal slaughterers cannot account for the missing livestock.

The trend for less cattle to come to market has been even more pronounced since April, and this accounts for the constantly increasing constriction of the meat supply.

During the week ended May 21 (the latest summary of the department) 30% less cattle came to market in 27 selected centers than during the same period in 1942.

Hog slaughter was up less than 8%, but still 15% below the point indicated by the Jan. 1 inventory, and veal was off 30%. Lamb and mutton was practically unchanged.

Western meat shipments into New York for the five weeks ending May 29, compared with 1941, on which civilian quotas of 80% are based, were even more deficient. The official figures follow:

	1941	1943	1943 percentage of 1941
Beef steers	49,926	26,682	53%
Veal	69,551	46,466	66%
Lamb	225,489	113,828	50%
Pork cuts (lbs)	11,483,464	5,847,654	51%

The Market News service pointed out that these figures "are not in any way indicative" of supplies available for retail trade channels because of heavy diversion to government agencies and cutting up of carcasses for the hotel and restaurant trade after the meat arrives here.

Alliot Elected President Of NY Cotton Exchange

(Continued from first page)

with Smith Hogg & Co., then one of the oldest cloth firms in the city. During 1917-19 he served as a flying instructor in the Naval Flying Corps as a Lieutenant (j. g.). At the close of the war he was associated with Stephen W. Weld & Company, for whom he worked in Liverpool, Boston, New Orleans and other cotton centers in the South. Mr. Alliot was a member of the New Orleans Exchange in the early 1920's and resided in that city for several years. In 1923 he became a member of the New York Cotton Exchange and since has devoted his entire time to the cotton brokerage business.

The following were elected to the Board of Managers for the coming year: Bernard J. Conlin, Milton S. Erlanger, William E. Farnell, J. Henry Fellers, Tinney C. Figgatt, Frank J. Knell, Jerome Lewine, J. Robert Lindsay, Benedetto Lopinto, Perry E. Moore, Robert J. Murray, Arthur J. Pertsch, Mervin S. Van Brunt, Charles B. Vose and Philip B. Weld. Three new names appeared on the list this year and were elected; they are: Benedetto Lopinto, Robert J. Murray and Charles B. Vose.

Robert J. Murray, retiring President of the Exchange, in addition to being elected to the Board of Managers, was chosen as one of the Trustees of the Gratuity Fund to serve three years. Additionally, inspectors of election for the 1944 election are James B. Irwin, James C. Royce and William H. Spilger.

Rationing Restrictions On Tube Sales Removed

All rationing restrictions on the sale of used passenger car and truck inner tubes, for which there has been very little demand under rationing, have been removed, the Office of Price Administration announced May 21.

Previously, used tubes could be sold only to holders of rationing certificates. Since the certificates could be used to buy either a used tube or a new one, the purchaser usually chose the latter.

The action, to conserve new tube supplies by encouraging the use of about 765,000 used passenger car tubes and 225,000 used truck tubes, now idle in dealers stocks, is contained in Amendment No. 28 to Ration Order 1-A. Effective date of the amendment was May 20, 1943.

Govt. Receipts, Expenses Covered In Bulletin Of League of Nations

The April number of the League of Nations "Monthly Bulletin of Statistics," published May 5 by the League Mission at Princeton, N. J., contains, in addition to the regular tables, a special table on budget receipts and expenditure. In it are summarized the total government receipts (excluding loans), expenditure and, where available, war expenditure in 26 countries publishing monthly statements. Closed annual accounts or current budget estimates are shown for the years 1938-39 to 1942-43 or 1943-44, together with monthly data from July, 1939, to January, 1943. This permits developments in public finance to be followed month by month since the outbreak of war.

The announcement goes on to state in part:

"The degree of expansion in total Government expenditure has been determined not only by the war effort, but also by the level of prewar expenditure and the scope of the national budgets. Where government expenditure was previously low, there was naturally a greater possibility of increasing it. Total expenditure is now nearly ten times as great in the United States as it was in 1938-39, more than five times as great in the United Kingdom, more than six times as great in Canada and Australia, almost five times as great in New Zealand and twice as great in the Union of South Africa. In the year 1943-44, it will probably be at least fourteen times as great in the United States and ten times as great in Canada as it was in the last prewar year. In neutral Switzerland, expenditure has increased threefold. Among the occupied countries, expenditure in France and The Netherlands appears to be at least three times as great as in the year preceding the war. For Germany, no precise data are available, but tax receipts and borrowing in 1941-42 suggest that expenditure had then increased at least threefold since 1938-39, when it was already at a very high level and had to be met largely by loans.

"War expenditure in 1942-43 represented over 90% of total expenditure in the U. S. A. and the United Kingdom, over 80% in Canada and Australia, nearly 80% in New Zealand and about 55% in the Union of South Africa. Expenditure for defense accounted for 72% of neutral Switzerland's total expenditure in 1942. 'Cost of occupation' amounted in 1941 to about 45% of total expenditure in Belgium and to 36% in The Netherlands, and in 1942 to some 46% in France.

"Everywhere taxation has been greatly increased. Receipts cover about 50% of expenditure in the United Kingdom, 55% in Canada, 46% in New Zealand, nearly 40% in Australia, 64% in the Union of South Africa and somewhat under 30% in the United States. In Switzerland, receipts in 1942 were estimated to meet less than 40% of that year's expenditure, and in France about 30%.

* * *

"Central Bank Reserves of gold and foreign assets have increased considerably in countries producing primary commodities, largely as a result of heavy exports at enhanced prices and reduced facilities for importing manufactured goods. The expansion was particularly marked in Latin American countries where, between the end of 1941 and the first quarter of 1943, large percentage increases in gold holdings occurred in Mexico (135%), in Peru (gold valued at purchase price only: 126%), Venezuela (78%) and Colombia (67%); no change occurred in the Argentine nor in the Peruvian gold stocks valued at the legal parity. During the same period, foreign assets reserves increased by as much as 356% in Peru, 553% in Colombia, 418% in Mexico, 148% in the Argentine and 89% in Chile, and among the smaller Central American States by 626% in Costa Rica and 356% in Salvador. There was a drop, however, of 32% in Venezela's relatively small holdings of foreign exchange. In India, foreign assets were 74% larger in the beginning of March, 1943, than at the end of 1941, the absolute increase being ten times greater than the accompanying fall in silver stocks (58%) while gold stocks remained unchanged. Corresponding increases in Turkey were 35% for gold stocks and 62% for foreign assets, in New Zealand 141% for foreign assets (gold unchanged) and in Australia 26% for gold stocks and foreign assets combined.

"By February, 1943, Switzerland had converted nearly all her holdings of foreign assets into gold."

Thermal Zone Changes Made In Fuel Oil Rationing Plan

An important, but simple change will be made in the thermal zones in next year's fuel oil rationing plan to permit closer adjustments of rations to the fuel oil supply and to weather conditions, the Office of Price Administration announced on May 17.

In the East Coast and Northwest area, zones A, and B and C will be divided by a north-south line between Districts 1 and 2 as set up by the Petroleum Administration for War.

Thus Zone A will be broken up into two zones: Zone A-1 will be the Eastern part of the present Zone A (Maine, New Hampshire, Vermont and upper New York State); and Zone A-2 will be that part of the present Zone A which lies in PAW District 2 (Michigan, Wisconsin, Minnesota, North Dakota, South Dakota, and the northern counties of Iowa).

Zones B and C will be divided similarly:

The new Zone B-1 will include Massachusetts, Connecticut, Rhode Island, lower New York State, New Jersey and Pennsylvania.

Zone B-2 will take in upper Ohio, upper Indiana, upper Illinois, lower Iowa, upper Missouri, Nebraska and upper Kansas.

Zone C-1 will include: Delaware, Maryland, District of Columbia, Virginia and West Virginia.

Zone C-2 will include Kentucky, lower Ohio, lower Indiana, lower Illinois, lower Missouri and lower Kansas.

The old Zone D, lying entirely in District 1, will remain a single zone, to be designated Zone D-1. It included North Carolilna, South Carolina, Georgia and that part of Florida east of the Apalachicola River.

The three zones in Washington, Oregon and western Idaho will be designated A-3, B-3, and C-3.

Coupons issued in each of the 10 zones will carry the proper designation, A-1, B-2, C-3, etc. Coupons in adjacent zones also will have different colors.

These zone changes were made because of experience in administering fuel oil rationing last winter, OPA explained. While the zones as they were then designated took into account wide disparities in climate throughout the rationed area, there were times when further adjustments had to be made because of a severe cold spell in one particular part of a zone.

Other adjustments were also necessary because of differences in the supply situation in various regions.

Such adjustments will be much easier to make under the arrangement which breaks up the large areas into smaller units. OPA can readily meet an emergency in either the weather, or the supply situation in a given zone, by ordering a change in the value of coupons in that zone.

These changes in the designation of coupons to correspond to the smaller zones will prevent low-value coupons in one zone from flowing into another zone where the value is higher and being redeemed there, the OPA announcement further stated.

Lumber Production Close To Requirements

Lumber production in the United States for the first quarter of 1943 is estimated at 7,141,109,000 board feet, and is not far under the estimated first-quarter goal needed to meet total military and essential civilian requirements of 32,000,000,000 board feet for 1943, the War Production Board's Lumber and Lumber Products Division announced on May 31.

Monthly production has risen steadily during the first-quarter period with 2,199,240,000 board feet in January, 2,307,448,000 board feet in February (4.9% increase over January); and 2,634,421,000 board feet in March (14.2% increase over February).

Comparative figures for the East and West are: East—January: 1,427,355,000; February, 1,505,616,000; March, 1,532,527,000. West—January: 771,885,000; February, 801,832,000; March, 1,101,894,000.

It is not possible to forecast whether or not the rate of production established during the first quarter can be maintained for the entire year, Lumber Division officials stated, since the log supply is dependent on numerous factors. Labor and equipment, the most important ones, are already curtailed in comparison with peacetime standards and additional shortages are to be expected.

March production, according to data compiled by the U. S. Department of Agriculture Forest Service in cooperation with WPB, comprises 2,096,063,000 board feet of softwoods and 538,358,000 board feet of hardwoods. Among the important softwoods with production increases in March as compared with February are: Douglas fir, Noble fir, western hemlock, ponderosa pine, sugar pine, western white pine and redwood in the West; and hemlock and northern pine in the East. Important hardwoods with increased production in March as compared with February are: ash, basswood, beach, birch, hickory, hard maple, white oak, red oak, and yellow poplar. March production of southern pine was 5.4% less than in February.

A regional production breakdown for March shows increases in nine out of eleven regions, with an overall increase over February of 1.8% in the East and of 37.4% in the West.

Cost Of War Damage Claims Seen As Slight

The cost to the War Damage Corporation of settling claims for losses of money and securities insured against possible enemy attack may be very slight, under an interpretation of the settlement clauses of the Federal policies issued May 2 by the Money and Securities War Damage Group, New York City.

As to this the New York "Times" of May 3 reported the following:

One paragraph of the policy provides that the "corporation reserves the right to replace in kind such money and securities." So far as U. S. currency or bonds are concerned, replacement of losses would involve only printing additional banknotes or Treasury certificates, it was said. An insurer might be able under this interpretation, it was added, to obtain a replacement of a greater amount of money and securities than was applied for under the policy.

The particular circumstances in each case will be considered to determine whether the insured will be paid a sum of money or whether the money and securities damaged or destroyed will be replaced in kind in case of loss, the group declares. It sees an intention by the WDC to elect to replace in kind the money and securities involved in a damage claim when the cost will be less than the amount of insurance carried, including the amount payable on the balance of such loss.

In the event of an excess loss over the amount of insurance obtained by the insured, it is expected that the WDC will replace all the damaged or destroyed money and securities covered for any amount under a form of coverage which affords insurance against such loss, even though the value of such money and securities is in excess of the amount of insurance carried under such coverage.

Under the settlement provisions, the insured is to furnish a complete inventory of all damaged or destroyed money and securities for which recovery, in whole or in part, may be made under the policy, but no inventory is required for losses on which the insured has not requested coverage. Likewise, assignment of damaged money and securities that may be required by the WDC is to be limited to such amounts for which recovery may be made under the policy.

For example, an insured concern obtains only coverage on securities in a preferred vault in its head office. It must furnish a complete inventory of all securities contained in such preferred vault in case of loss, even though the value of such securities is in excess of the amount of insurance covering their damage or destruction. Further, the WDC may require an assignment of all such securities. It would not be necessary for the insured to furnish an inventory of securities elsewhere on the premises or those not damaged or destroyed.

If the WDC elects to require an assignment from the insured of damaged or destroyed money and securities, the corporation will exert reasonable and diligent efforts to recover salvage, the rules provide. Any salvage recovered, less the expense of making it, shall be paid first to the insured until recompensed to the extent that the insured has furnished an inventory.

Strategic And Raw Materials Returned From French North Africa

The Office of War Information announced on May 22 that approximately 600,000 tons of medical supplies, food, fuel, clothing and other necessities of life required by the civilian population of French North Africa have been shipped from the United States and Great Britain. But ships carrying these supplies have brought back more than 350,000 tons of strategic and critical raw materials needed for the British and American munitions and farm production programs.

In Washington advices of May 22 to the New York "Times," it was further stated:

French North and West Africa had for two years been a rich source of raw material and foodstuffs for Germany and Italy. They had obtained there large quantities of phospahtes, iron ore, fresh fruit and vegetables, oil and oil seeds, fish and cereals.

Among these products phosphate rock was perhaps the most important to the European economy. As a consequence of the United Nations occupation, the Axis will be deprived of this fertilizer, which is essential to its maximum agricultural production and for which there is no adequate source of supply in Europe. Germany is expected to feel the consequences by next year's harvest. She will also miss the fresh fruits and vegetables, 80% of the export of which she has been requisitioning. French North Africa, the OWI says, is the California of Europe.

Britain can obtain from there all the phosphates needed by her agriculture as well as large quantities of high-grade ore. Substantial quantities of lead, zinc, antimony, hides and skins, fruits and vegetables can also be shipped to the United Kingdom.

The United States can obtain some of the cobalt ore needed in war industries, and also important tonnages of manganese and cork.

FDR Greets King George

In a message congratulating King George VI of Great Britain on his "official" birthday, June 2, President Roosevelt emphasized the "unity in friendship and purpose" existing between the American and British people.

The President's message follows:

"His Majesty,
"King George VI of Great Britain,
"London (England).

"The occasion of Your Majesty's birthday gives me a welcome opportunity to join in your country's celebration, and to send you heartiest congratulations and good wishes. On behalf of the people of the United States, let me also convey their greetings and good wishes to the people of Great Britain.

"The Allied victory in North Africa has recently given the world an unsurpassed demonstration of what can be done when Britain and America work together. Unity in friendship and purpose has bound together our soldiers on land, our sailors on sea, and our flyers in the air. That same bond unites American and British workers in the paths of production, transport and supply.

"I am clear that the spirit which has united our people in marching towards victory will direct their efforts after the war towards the goal of a just, lasting and fruitful peace.

"FRANKLIN D. ROOSEVELT."

Although the actual date is Dec. 14, it was stated in London Associated Press advices that the anniversary is observed in June instead of December because the weather is more suitable for the traditional ceremony of "trooping the colors" and other celebrations.

New York City Business Tax Regulations Published In Booklet Form As Reference Guide

Comptroller Joseph D. McGoldrick has compiled and published in booklet form, regulations designed to guide and assist the taxpayer to report his true tax liability under the General Business and Financial Tax law (commonly called the "Business or Gross Receipt Tax") in effect since May 1934. Important changes from prior regulations are set forth in the booklet, and as the need therefor arises, the Comptroller will amend, revoke or supplement any part of these regulations, and will issue special rulings relative to specific questions.

The business tax is imposed for the privilege of carrying on or exercising for gain or profit within the City of New York any trade, business, profession, vocation or commercial activity, or of making sales to persons within the city, during a specific privilege period, or any part thereof, and is based upon the gross receipts or, in the case of a financial business, upon the gross income, for a specified basic period as set forth in the respective local laws.

The following rates are in effect under the current law: one-twentieth of one percent (1/20 of 1%) applicable to persons engaged in business and professional endeavors. One-tenth of one percent (1/10 of 1%) applicable to persons engaged in financial business.

A return must be filed by every individual, partnership, society, association, joint stock company, corporation, estate, receiver, trustee, assignee, referee or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals carrying on or exercising for gain or profit any trade or profession.

The law places persons subject to its provisions in two categories: (1) those engaged in general business and (2) those engaged in financial business. The tax is imposed upon persons engaged in general business upon the basis of gross receipts; persons engaged in financial business must compute the tax upon the basis of gross income. No tax is imposed upon general business where the gross receipts do not exceed $10,000 for the basic period covered by the return. No return need be filed in such cases. If the taxpayer has filed returns in prior years and no return is due in the current year, the taxpayer should notify the bureau of City Collections, in writing, to such effect.

The $10,000 limitation does not mean that an exemption of $10,000 may be taken in computing the General Business and Financial tax. The limitation of $10,000 does not apply to persons engaged in financial business because such taxpayers must file returns regardless of the amount of gross income. The privilege period commences on July 1 of the calendar year and ends on the following June 30. The booklet which may be obtained from Special Deputy Comptroller George Marlin, Bureau of Excise Taxes, 350 Broadway, contains many comprehensive outlines regarding the general and administrative provisions.

The tax return with the amount of tax due is payable on June 15, following the close of the calendar year normally serving as the basic period. However, where the return cannot be filed on June 15, because the basic period conflicts with the due date, the return may be filed on Aug. 1. Thus, if a taxpayer is required to use a basic period beyond May 1, he may file his return on the later date and pay the tax at such time.

Honor Colombian Consul

Luis Tamayo, newly appointed Consul General of Colombia in New York City, was the guest of honor at a "welcome" luncheon tendered by the Commerce and Industry Association of New York held on June 3 at the Bankers Club, 120 Broadway. Neal Dow Becker, President of the Association, and also head of Intertype Corporation, presided.

Among the guests were: Willis H. Booth, Sierra Talc Co.; Carl W. Hayden, National City Bank; Oscar Ulloa, United Fruit Co.; John Markell, E. I. du Pont de Nemours, Inc.; Evan E. Young, Pan American Airways; Jules Vandervoort, Pagel, Horton & Co., Inc.; H. J. Pelanne, R. Fabien & Co., Inc.; William C. Planz, Neuss, Hesslein & Co., Inc.; N. S. W. Vanderhoef, Turner Halsey Export Corp.; I. M. Pinkney, National Paper & Type Co., Inc.; P. W. Alexander, Wessel, Duval & Co., Inc.; W. H. Mahoney, Manager, Foreign Trade Bureau, Commerce and Industry Association, and Thomas Jefferson Miley, Secretary of the Association.

Williams Chairman Of Conference Board

S. Clay Williams, Chairman of the R. J. Reynolds Tobacco Co., was elected Chairman of the National Industrial Conference Board for 1943-1944 by the Trustees of the Board at the 27th annual meeting of the Board at the Waldorf-Astoria, in New York City, on May 26.

Mr. Williams succeeds Fred I Kent, President of the Council of New York University. Vice-Chairmen of the Conference Board, elected for one year, were: Neal Dow Becker, President of the Intertype Corp.; Col. J. F. Drake, President of the Gulf Oil Corp.; Edgar M. Queeny, Chairman of the Monsanto Chemical Co.; and Langbourne M. Williams, Jr., President of the Freeport Sulphur Co.

Dr. Virgil Jordan was elected President and Chief Executive Officer of the Board. James L. Madden, Third Vice President of the Metropolitan Life Insurance Co., was elected Treasurer.

The following were elected Trustees of the Board:

For Terms of One Year:

Clifford S. Anderson, General Counsel, Norton Co.; Louis S. Cates, President, Phelps Dodge Corp.; Arthur M. Collens, President, Phoenix Mutual Life Insurance Co.; David A. Crawford, President, Pullman Inc.; J. F. Deasy, Vice President, The Pennsylvania Railroad Co.; F. W. Lovejoy, Chairman of the Board, Eastman Kodak Co.; James L. Madden, Third Vice President, Metropolitan Life Insurance Co.; John Wyckoff Mettler, President, Interwoven Stocking Co.; E. V. O'Daniel, Vice President, American Cyanamid Co.; Harry E. Ward, Chairman of the Board, Irving Trust Co.

For Terms of Two Years:

Neal Dow Becker, President, Intertype Corp.; Willis H. Booth, Director, Commercial Solvents Corp.; W. Gibson Carey, Jr., President, The Yale & Towne Manufacturing Co.; J. F. Drake, President, Gulf Oil Corp.; David M. Goodrich, Chairman of the Board, The B. F. Goodrich Co.; Rolland J. Hamilton, Secretary-Treasurer, American Radiator & Standard Sanitary Corp.; John Henry Hammond, Partner, Hines, Rearick, Dorr & Hammond; Edgar M. Queeny, Chairman of the Board, Monsanto Chemical Co.; Langbourne M. Williams, Jr., President, Freeport Sulphur Co.; S. Clay Williams, Chairman, Board of Directors, R. J. Reynolds Tobacco Co.

For Terms of Three Years:

Wm. W. Bodine, President, The United Gas Improvement Co.; Irenee du Pont, President, E. I. du Pont de Nemours & Co.; John H. Goss, President, Scovill Manufacturing Co.; C. W. Kellogg, President, Edison Electric Institue; James S. Kemper, President, Lumbermens Mutual Casualty Co.; Fred I Kent, President, Council of New York University; Edward F. McGrady, Vice President, Radio Corporation of America; Eugene Meyer, Publisher, The Washington Post; Howard S. Palmer, President, New York, New Haven & Hartford RR Co.; Ralph H. Tapscott, President, Consolidated Edison Co. of New York.

73,938 Newspaper Ads Aided War Loan Drive

The Second War Loan campaign which raised more than $18,000,000,000, was supported by 73,938 newspaper advertisements worth $4,564,270, it was reported on May 22 by Secretary of the Treasury Morgenthau.

In addition, the Secretary said, there were thousands of hours of radio time and many thousands of outdoor posters and public conveyance cards helping spread the message.

Mr. Morgenthau described it as the "greatest advertising operation in the history of the world."

In Associated Press advices May 22 it was also reported:

He said that 1,758 daily and Sunday newspapers carried 40,774 ads with a total linage of 30,585,481, valued at $3,362,890, while 7,735 weekly newspapers carried 33,164 ads with a linage of 42,048,321 valued at $1,201,380. All of these ads were locally sponsored.

The campaign included 118,000 radio announcements and 8,000 radio programs of fifteen minutes or longer. Using a minimum of one minute for each announcement, this amounts to 4,000 hours of radio time, or about 160 solid days of broadcasting.

In addition to the regular advertising, Mr. Morgenthau said, the newspapers carried more than 5,000,000 lines of publicity furnished in mat and plate form by the Treasury Department, exclusive of campaign stories written locally.

There were 8,089 war loan posters in outdoor spaces with a value of $202,225 and 84,000 car cards with a space value of $100,000, the Secretary said.

NY Wool Associates Reelect Officers

The Board of Governors of the Wool Associates of the New York Cotton Exchange, Inc., announced on June 7 the re-election of Frank J. Knell as President, Bernard J. Conlin as First Vice-President, Stanley H. Lawton as Second Vice-President and William J. Jung as Treasurer.

Mr. Knell is serving his fifth term as President of the Wool Associates; this is the fourth consecutive term and he was President during the fiscal year 1937-38. Bernard J. Conlin, who was elected as First Vice-President, begins his fourth term in that office. Stanley H. Lawton starts his third term as Second Vice-President and William J. Jung begins his fourth term as Treasurer.

The following were elected to the Board of Governors: B. Harrison Cohan, E. Malcolm Deacon, Joseph P. Draper, Tinney C. Figgatt, Albert W. Hilliard, Lawrence P. Hills, Marland C. Hobbs, H. Clyde Moore, Robert J. Murray, Max W. Stoehr and Philip B. Weld. Mr. Cohan and Mr. Hilliard are new Governors.

Large Backlogs Of Demand Expected For Reconstruction Period, Says Conference Bd.

"Deferred expenditures and undermaintenance are expected to provide large backlogs of demand in the reconstruction period," according to the National Industrial Conference Board, which completed a general survey of the economic background for postwar planning on May 26.

After 1930, the Board pointed out, a period of attrition and deterioration of capital assets began, which by 1940 resulted in a situation in which some 70% of all metal-working machinery in American industry was over ten years old. Although machine tool shipments have been of record breaking proportions during the past few years, "private purchases of machinery and equipment for non-war industries were drastically curtailed," the Board added, and at the same time recalled that "following World War I new manufacturing capital expenditures exceeded depreciation charges on manufacturing capital assets until 1930."

The Board stated that the total disposable income (after taxes) of all individuals in the country is found to have been fully $8,500,000,000 greater in 1941 and nearly $30,000,000,000 greater in 1942 than in 1929. From 1929 through 1935 employee compensation averaged about 65% of total realized national income; by 1940 it had risen above 70%, and in 1942 it is tentatively estimated by the Board at about 72.5%.

The Board's release likewise said:

"Further analyzing the financial position of the consumer in the post-war period, the Board points out that accumulated funds available for social security purposes will total nearly $11,500,000,000 by June, 1944. 'This post-war cushion,' it adds, 'is equivalent to the total amount of salaries and wages paid out in all manufacturing in 1939. It is nearly twenty times the gross benefit payments distributed in any pre-war year. It exceeds by more than $200,000,000 the aggregate relief and work relief expenditures of the Federal Governments for the years 1932-1938, inclusive.'

"As another factor supporting the position of the consumer, the Board cites the fact that 'consumer debt was reduced by almost $3,500,000,000 last year. While retail sales in 1942 were the highest ever recorded, consumer debt was nevertheless well below the debt outstanding at the close of 1938. The ratio of consumer debt to retail sales in 1942 fell off to 10.8%. At previous depression levels this ratio had not fallen below 14%, and it had reached 19% in 1940. Availability of, and past experience with, consumer credit should help to bring effective consumer demand actively into the market in the immediate post-war months.'

"Post-war backlogs of demand, moreover, will not be confined to this country, the Board finds. 'Shortages of both subsistence and capital goods will be pronounced in many nations in the period of reconstruction,' it says, citing the fact that 'following World War I similar shortages raised our exports to about a third above their wartime peaks. Exports of crude and manufactured foodstuffs were at peak levels in the immediate post-war years. In 1919 such commodities accounted for fully a third of all exports, and in 1920 to about a fourth. Immediately prior to World War I shipments of foodstuffs formed less than a fifth of all exports.' "

President Hopes For More Successes Overseas

President Roosevelt has expressed the hope that the Allied victory in the African theatre of war will be followed by "further successes" in eastern and western Europe and by new offensives in Asia.

The White House made this disclosure on May 17 in making public the messages which the President sent on May 13 to Premier Josef Stalin of Russia and Generalissimo Chiang Kai-shek of China in reply to congratulations they had sent.

The President's message to Mr. Stalin was as follows:

"Thank you for your message of congratulations on the performance of our forces in liberating Tunisia.

"Now that we have the initiative, it is reasonable to expect further successes on both the Eastern and Western Fronts and further supplies, including air."

To the Generalissimo, the President sent the following message:

"For the Allied forces in the African theatre of war, I should like to express appreciation of your message of congratulation on the complete destruction of the enemies of liberty in Africa.

"We hope in the near future to take, together with your gallant army, the initiative in Asia and bring to an end the war which you have for many years carried on successfully in spite of all difficulties."

Urge War Damage Corp. Revise Its Policy On Rates And Surplus

The War Damage Corporation was urged on May 29 to announce soon some policy which would permit future reductions in rates in line with losses as established and the return to policyholders of any existing surplus at the end of the war. The proposal was made by Charles A. Mullenix, President of the Mortgage Bankers Association of America, who declared such action now would, in his opinion, help stimulate renewals of policies for the year beginning July 1st and encourage writing of new ones as well. Return of surplus would require legislation such as the bill of Senator Brooks of Illinois.

The Corporation has announced that the rates inaugurated when war damage insurance was set up would remain in effect for the coming year. So far 4,700,000 insurance policies totaling $122,000,000,000 have been written and premiums of $130,000,000 collected.

Mr. Mullenix stated that "protection of property in time of war is a national responsibility and the Federal agency to carry out this duty ought not to be a profit-making enterprise." He criticized the opinion held by some that the Government has the right to show a profit on this undertaking because it embarks on so many other ventures in the public interest which show losses, and said:

"This is the worst kind of reasoning in my opinion. If such a policy guides the future of war damage insurance it will mean that property owners may, in the end, pay much more for wartime property insurance than they should. Real property would assume an excessive burden as it is doing under rent control regulation. Exactly the same thing has long been demonstrated in taxation because real estate is easy to get at, is visible for all to see and hence easy to tax.

"Real estate today bears a far greater proportion of taxation than other forms of wealth. It should not be asked to bear an unnecessary burden through inequitable war damage insurance."

Textile Workers Union Foresees Independent Political Action By Labor

The Textile Workers Union of America, C. O. O., on May 14, shortly before the close of its biennial convention at Carnegie Hall in New York City, voiced the opinion that labor would resort to "independent political action" should there be a "continuation of the ever-deepening trend toward reaction in the present major political parties," according to the New York "Times" of May 15, which went on to say:

"Asserting that labor 'never supported the Roosevelt Administration because it represented the Democratic Party political machine,' the resolution served notice 'on those who have betrayed the New Deal' that labor's support was forthcoming only 'because that Administration had at its head one who, on the record, has kept all his pledges to the people.'

"It flatly announced that the union 'will not support any political party which offers candidates for public office whose objectives represent a departure from the humane policies of the New Deal and who are not wholeheartedly committed to preserve, protect and advance the well-being of the great producing mass of our country.'

"Another resolution on price control and rationing urged 'immediate action' to roll back prices to levels of May 15, 1942, enforcement of price ceilings, grading of canned goods, increased rations for industrial workers, added appropriations for the Office of Price Administration to permit proper extension and policing of the rationing program, and Federal subsidies for manufacturers and farmers of high-cost products to assist in the roll back of prices."

Military Lend-Lease To French African Forces Valued At $75,000,000

Lend-lease military supplies valued at about $75,000,000 have been transferred to French military forces in North and West Africa up to April 30, it was announced on May 26 by Edward R. Stettinius, Jr., Lend-Lease Administrator. Four-fifths of this total were consigned in April.

Mr. Stettinius' statement as given in Washington advices to the New York "Journal of Commerce" follows:

"Up to April 30, 1943, military supplies valued at approximately $75,000,000 have been transferred to General Giraud for the use of French military forces in French North and West Africa. Materials valued at four-fifths of this sum were consigned to the French during the month of April. These include tanks, signal equipment, medical supplies, ordnance combat vehicles, ordnance stores and miscellaneous military equipment.

"When American and British forces landed in North Africa on Nov. 8, 1942, French arms were in a state of depletion. The military supplies which are now being sent to General Giraud will help to re-equip the French armies, which are now completely allied with American and British military forces, to a full war-footing.

"About six months ago the President announced a policy for French Africa, the first of the Liberated areas:

" 'No one will go hungry or without the other means of livelihood in any territory occupied by the United Nations, if it is humanly within our powers to make the necessary supplies available to them. Weapons will also be supplied to the peoples of these territories to hasten the defeat of the Axis.'

"Since that time the President's policy has been translated into action. The weapons have been supplied to the French military forces in French Africa, and they are now an integral part of the United Nations' striking power. Medical supplies, food, and the other essentials of life have been supplied to the peoples of French Africa by the British and the United States to the point where these people are already able to help themselves. Much-needed strategic and critical supplies are being produced by the peoples of French Africa and have been shipped to the United Kingdom and the United States for use in our war and farm production programs. Steadily the liberated peoples of French Africa are becoming a growing force in the United Nations' war program."

Edsel Ford Leaves Most Of Estate To Foundation

Edsel B. Ford, President of the Ford Motor Co., who died on May 26 at his home in surburban Grosse Pointe Shores, Mich., left the major portion of his stock holdings in the company to a foundation for educational and charitable purposes, according to the will, which was filed for probate on June 3. Mr. Ford's body lay in state in a Detroit funeral chapel on May 27 while thousands paid him final tribute. Employees of the Ford Motor Co. throughout the world joined in five minutes of silence on May 28 at the time when services began.

Among the many hundreds of messages of sympathy was this one from President Roosevelt to Henry Ford:

"Please accept for yourself and for all who mourn with you this assurance of heartfelt sympathy in which Mrs. Roosevelt joins."

Mr. Ford, the only son of Henry Ford, founder of the Ford industrial empire, was 49 years old. He died from a condition resulting from a former stomach malady. Undulant fever, it is stated, was also present.

Mr. Ford had been chief executive of the company since 1919. He had been associated with his father's plant from the time he completed his preparatory schooling—entering there instead of going to college. In 1918 Edsel Ford was made Vice-President of the company and in the following year his father relinquished to him the title of President. In 1921 he also took over the post of Treasurer.

On June 1, Henry Ford was elected President of the Ford Motor Co., taking over the office made vacant by the death of his son, Edsel Bryant Ford.

Attorneys estimated the estate at about $200,000,000 and said that the total of inheritance, transfer and other taxes to be assessed against the estate will amount to approximately $12,000,000.

In Associated Press advices from Detroit, it was stated:

Chief beneficiary from the estate, which the attorneys said would inventory about $200,000,000, is the Ford Foundation, incorporated in 1936, to receive and administer funds for "scientific, educational and charitable purposes, all for the public welfare."

Gifts to organizations of that type, the attorneys explained, are tax-exempt. Earlier conjectures that overlooked the foundation had placed the possible taxes as high as $200,000,000 and brought the suggestion also that stock in the Ford company might have to be sold to meet them.

Other beneficiaries are Mrs. Eleanor Clay Ford, the widow, and four children—Henry Ford 2d, Benson Ford, Mrs. Walter Buhl Ford, 3d, and William Clay Ford—to whom is bequeathed in equal shares that portion of the Ford Motor Co. stock not conveyed to the Ford Foundation.

With the filing of the will, it was disclosed also that on Nov. 4, 1935, Edsel Ford had executed four trusts, one for each of the four children, to remain operative until the beneficiary becomes 25 years old.

Henry Ford 2d is the only one of the four who has reached that age. He will receive the bequest directly. The other bequests will go into the trusts, with Mrs. Edsel Ford as special administratrix.

In addition to his Ford Motor Co. stock, Edsel Ford also owned a majority of the stock of the Manufacturers National Bank of Detroit. the bank stock, as well as the family estate in suburban Grosse Pointe Shores, a mansion at Seal Harbor, Me., the White Hart Inn in New Hampshire, a residence in Florida and several other pieces of property are bequeathed to the widow.

While the attorneys placed a tentative figure on the value of the estate, they admitted that a protracted survey must be made before specific valuations can be placed upon the various items involved.

No inventory accompanied the will, drawn July 15, 1936, but the attorneys advised Probate Judge Joseph V. Trombley, with whom it was filed in nearby Macomb County, they would try to have one ready for a hearing the court set for July 12.

The court appointed Mrs. Edsel Ford administratrix under nominal bond of $1,000.

One of the difficulties of determining valuations hinges upon the actual value of a share of stock in the Ford Motor Co. Edsel Ford was understood to own not less than 41½% of the 3,452,900 shares of stock outstanding; his father 55%, and his mother, Clara Bryant Ford, 3½%.

The stock had a par value of $5 a share. Nobody ever has undertaken to estimate its market value.

March Income Receipts Total $11.2 Billion

The Department of Commerce reports that in March income payments to individuals were $11,211,000,000, or 28% above the same 1942 month and substantially higher than the February total of $10,443,000,000. The rise in March income payments was due in part to seasonal factors, particularly marked in the dividend and interest component. The Department also revealed that income payments to individuals for the first quarter of this year, totaling $32,402,000,000, were 28% higher than a year ago and 96% greater than in 1939. The first quarter income represents an annual rate of $135,000,000,000 after adjustment for seasonal influences.

Associated Press advices also reported:

The Department's index of income payments rose from 201 in February to 205.1 in March.

Secretary Jesse Jones said the upward movements in total income payments has been strongy influenced since 1939, the beginning of the war, by the large wage and salary component.

Wages and salaries for the first 1943 quarter totaled $23,285,000,000, about a third larger than the $17,528,000,000 total for the first 1942 quarter and more than double the $11,012,000,000 of 1939.

Manufacturers' pay rolls in the first quarter were 41% larger than in 1942 and 198% greater than in 1939.

Federal pay rolls were 188% larger than in the first 1942 quarter and 680% greater than in 1939.

Incomes of farm operators—$2,536,000,000 for the first quarter of 1943—were up 49% from 1942 and 177% from 1939.

Credit As Aid In War Stressed By Heimann

Henry H. Heimann, Executive Manager-on-Leave in his keynote address at the opening of the War Credit Congress of the National Association of Credit Men at St. Louis on May 25, told the 2,000 credit executives from 116 of the leading markets of the country that "everything within our power should be done to see that credit is made available to the deserving who are engaged in war production." He pointed out however, that "this does not mean that we should extend credit to the unworthy or to the incapable." Our Government needs the help of the credit executives, he declared, so that these incompetents shall be weeded out of the production line before they cause a delay in the flow of the much need materials for our fighting forces. Mr. Heimann's subject was "Credit, Today and Tomorrow."

"The success of this war depends largely upon the equipment that is furnished to those directly engaged in this conflict and we must dedicate every day during the war to the utmost in production," Mr. Heimann said. "But the fact that people are engaged in war production does not mean that credit should be insured to them, for if they lack capacity of if they are wholly lacking in capital or of questionable character then it is evident they could not satisfactorily complete their jobs in accordance with their contracts.

"Each morning as we go to our offices we realize that in war production the total amount of credit employed represents a staggering sum. We cannot afford to have idle credit dollars any more than we can afford to have idle manpower or idle military equipment. Our credit dollars must be on the march as are our soldiers in the field of battle. Our credit dollars must plow the high seas of commerce as do the battleships that seek out the enemy. We must marshal every possible credit dollar and put it to use. We must unfreeze every stagnant dollar upon our ledgers in order that they shall be mobilized for an all-out credit effort.

"We must recognize that in times like these, when the world is crying out for production and when this nation is bending every effort to do everything it can to produce more and more goods, there can be no reasonable excuse for the failure to live up to paying terms. We as credit men and credit women, therefore, should go over our ledgers constantly and see to it that the idle dollars that are contained in the long past due accounts are converted into real live fighting dollars. The place for these dollars is rightfully with the army of marching dollars."

Turning to the "Tomorrow" phase of his subject, Mr. Heimann predicted that in the era after Victory-day, credit will "take rank as one of the greatest contributing factors in a peaceful world condition."

Food Transport Head

James F. Brownlee, President of the Frankfort Distilleries, Inc., of Louisville, Ky., has been appointed director of transportation for the War Food Admiinstration, it was announced by Chester Davis, War Food Administrator on May 26.

Mr. Brownlee, who assumed his duties immediately, is on leave from his duties with Frankfort Distilleries and will act as direct representative of Mr. Davis in coordinating the transportation work of the various WFA agencies.

High Court Puts Off Ruling On Utility 'Death Sentence'

The U. S. Supreme Court is not likely to rule on the "death sentence" clause of the 1935 Public Utility Holding Company Act until the Fall since arguments for the present term were concluded on May 13 without hearing litigation involving this case, it was noted by the Associated Press.

The section of the Act involved requires interstate gas and electric holding companies to limit their operations to a "single integrated system."

Regarding the case, Associated Press (Washington advices) said:

The North American Co. on Feb. 10, last, asked the Supreme Court to rule on the constitutionality of Section 11 b (the "death sentence") provision of the Holding Company Act. The Securities and Exchange Commission subsequently, on Feb. 25, joined with the company in requesting the high court to rule on the constitutionality of that portion of the act.

Owing to lack of a quorum the Supreme Court deferred argument on the matter last month.

The Securities and Exchange Commission directed the North American Co. to confine its activities to a system centering around St. Louis. It has operated in 17 States and the District of Columbia.

Senate Approves Separate Civilian Supply Agency

The Senate passed on May 10 by a vote of 44 to 29 a bill establishing an independent Civilian Supply Administration with far-reaching powers over supplies, production, and distribution of civilian goods.

Sponsored by Senator Maloney (Dem., Conn.), the measure would end the War Production Board's control over the present Office of Civilian Supply and transfer many manpower and rationing functions of other agencies to a civilian director to be appointed by the President.

The Administrator, who would be paid $12,000 annually, would be empowered to determine needs for rationing and to ascertain types and quantities of materials, manpower, and other services necessary to keep the civilian population "healthy and functioning effectively."

In the event of a dispute with other claimant agencies, the Administrator could appeal to the Economic Stabilization Director, James F. Byrnes, for a ruling.

The legislation cites as Congressional policy that:

"Keeping the civilian poulation healthy and functioning effectively is essential to the prosecution of the war" and the nation shall "guarantee the production and distribution of the goods and services necessary" for that purpose.

The measure was opposed by Donald M. Nelson, WPB Chairman, as wholly unnecessary and dangerous. Mr. Nelson contended that "no dual production programs—military as separate from civilian—can be efficiently carried out."

In its report to the Senate recommending passage, the Banking and Currency Committee declared that it had come to the conclusion that the best kind of organization to represent the civilian population is an independent claimant agency.

"Furthermore, the committee believes that whenever the civilian supply claimant receives less than is necessary for effective participation in the war effort by the civilian population, it should have the right to appeal to an arbiter cloaked with the authority to adjust differences of opinion," it was said.

Market Value Of Stocks On New York Stock Exchange Higher On May 29

The New York Stock Exchange announced on June 7 that as of the close of business May 29, there were 1,234 stock issues, aggregating 1,469,720,387 shares listed on the Stock Exchange, with a total market value of $48,437,700,647. This compares with 1,236 stock issues, aggregating 1,468,918,529 shares, with a total market value of $46,192,361,639 on April 30 and with 1,242 stock issues, aggregating 1,469,388,445 shares, listed on the Stock Exchange on May 29, 1942, with a total market value of $32,913,725,225.

In making public the figures, the Exchange also said:

"As of the close of business May 29, New York Stock Exchange member total net borrowings amounted to $620,703,562, of which $423,639,415 represented loans which were not collateralized by U. S. Gov't issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was, therefore, 0.87%. As the loans not collateralized by U. S. Gov't issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares anl their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group	May 29, 1943 Market Value $	May 29, 1943 Av. Price $	April 30, 1943 Market Value $	April 30, 1943 Av. Price $
Amusement	525,350,132	24.11	467,385,359	21.43
Automobile	3,997,282,018	33.00	3,801,269,154	31.42
Aviation	708,874,574	21.18	695,573,396	20.78
Building	573,679,851	27.95	532,529,083	25.95
Business & office equipment	400,566,035	33.96	369,757,665	31.35
Chemical	6,298,708,233	66.04	5,964,284,428	62.56
Electrical equipment	1,645,323,222	40.64	1,569,096,555	39.01
Farm machinery	752,015,171	57.41	739,874,447	56.49
Financial	1,007,513,976	20.10	951,188,818	18.92
Food	3,069,205,540	32.87	2,919,852,055	31.27
Garment	44,568,754	26.63	43,559,837	26.03
Land & realty	32,247,800	6.63	27,339,892	5.62
Leather	225,860,244	26.86	215,413,924	25.62
Machinery & metals	1,714,815,025	25.07	1,617,817,015	23.65
Mining (excluding iron)	1,481,786,563	25.23	1,474,114,434	25.10
Paper & publishing	467,253,597	20.72	450,765,213	19.99
Petroleum	5,788,809,610	30.22	5,505,439,125	28.81
Railroad	3,832,456,550	33.76	3,663,941,178	32.28
Retail merchandising	2,479,514,888	34.05	2,322,226,928	31.90
Rubber	547,818,406	51.85	528,282,619	50.60
Ship building & operating	106,590,534	22.48	109,302,281	22.93
Shipping services	16,758,347	9.72	15,414,760	8.94
Steel, iron & coke	2,247,100,550	44.87	2,193,757,737	43.61
Textiles	476,204,752	33.49	469,419,872	33.01
Tobacco	1,247,877,500	46.42	1,189,862,276	44.25
Utilities:				
Gas & electric (operating)	2,059,324,026	22.25	2,005,679,434	21.67
Gas & electric (holding)	1,046,488,360	10.93	994,114,008	10.38
Communications	3,588,785,399	85.81	3,427,842,425	81.97
Miscellaneous	113,315,911	15.39	98,226,390	13.36
U. S. companies oper. abroad	811,221,772	23.87	726,118,934	21.40
Foreign companies	986,906,104	24.39	968,196,055	23.93
Miscellaneous businesses	143,477,203	24.44	134,716,342	22.95
All Listed Stocks	48,437,700,647	32.96	46,192,361,639	31.45

We give below a compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1941—			1942—		
Jan. 31	40,279,504,457	27.68	Apr. 30	31,449,206,904	21.41
Feb. 28	39,398,228,749	27.08	May 29	32,913,725,225	22.40
Mar. 31	39,696,269,155	27.24	June 30	33,419,047,743	22.73
Apr. 30	37,710,958,708	25.78	July 31	34,443,805,860	23.42
May 31	37,815,306,034	25.84	Aug. 31	34,871,607,323	23.70
June 30	39,607,836,569	27.07	Sept. 30	35,604,809,453	24.20
July 31	41,654,256,215	28.46	Oct. 31	37,727,599,526	25.65
Aug. 30	41,472,032,904	28.32	Nov. 30	37,374,462,460	25.41
Sept. 30	40,984,419,434	28.02	Dec. 31	38,811,728,666	26.39
Oct. 31	39,057,023,174	26.66			
Nov. 29	37,882,316,239	25.87	1943—		
Dec. 31	35,785,946,533	24.46	Jan. 30	41,410,585,043	28.16
1942—			Feb. 27	43,538,661,753	29.61
Jan. 31	36,228,397,999	24.70	Mar. 31	45,845,738,377	31.20
Feb. 28	35,234,173,432	24.02	Apr. 30	46,192,361,639	31.45
Mar. 31	32,844,183,750	22.36	May 29	48,437,700,647	32.96

Hull Hails Trade Treaty Renewal As Favoring 'Practical Collaboration'

Secretary of State Cordell Hull on June 3 hailed Congressional extension of the trade agreements program, saying that it showed "a splendid manifestation of national unity in favor of practical international collaboration."

His statement follows:

"The further extension of the trade agreements program by a large non-partisan majority of both houses of the Congress is a welcome and far-reaching decision, coming as it does at a time when the whole future of our nation depends on our clarity of vision and resoluteness of action with respect to the momentous questions before us.

"The size and character of the affirmative vote in the House and in the Senate reflect the most important thing a democracy can possess—an informed and united public opinion.

"The clean cut renewal of the trade agreements program has had vigorous and almost unanimous support of the press, of responsible spokesmen of American agriculture, business and labor, and of other public spirited groups which have been steadfast in their endorsement of the program.

"It is a splendid manifestation of national unity in favor of practical international collaboration now and for the future, an encouragement at home and to our Allies and friends abroad and a blow to our enemies."

Argentine President Answers Roosevelt Message

President Ramon S. Castillo, replying to a message from President Roosevelt congratulating the Argentine people on the occasion of the 133rd anniversary of the nation's revolution for independence, said on May 26 that "the government and people of Argentina, faithful to their noble and historic traditions, revive today these traditions in the spirit of solidarity with which my country cooperates in the security of the American Continent."

In Associated Press advices from Buenos Aires, President Castillo was further quoted as saying: "We salute through Your Excellency the tremendous effort of the great people of the United States in behalf of liberty."

National Fertilizer Association Commodity Price Average Advances

Wholesale commodity prices last week were fractionally higher, according to the price index compiled by The National Fertilizer Association and made public on June 7. In the week ended June 5 this index advanced to 135.9 from 135.7 in the preceding week. It was 135.8 a month ago, and 127.5 a year ago, based on the 1935-39 average as 100. The Association's report added:

The increase in the general level was due to higher prices for livestock and foods. The food price index continued its upward trend, advancing for the third consecutive week. Although cotton and grains were somewhat lower, a marked rise in certain livestock quotations were sufficient to cause an advance in the farm products average. During the week none of the group averages in the composite index declined.

Although the index advanced last week 4 price series advanced and 6 declined; in the preceding week there were 9 advances and 5 declines; and in the second preceding week there were 12 advances and 2 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week June 5 1943	Preceding Week May 29 1943	Month Ago May 8 1943	Year Ago June 6 1942
25.3	Foods	141.1	140.8	139.9	125.6
	Fats and Oils	147.9	147.9	147.8	137.0
23.0	Farm Products	159.0	159.0	159.0	158.4
	Cottonseed Oil	153.3	152.8	153.7	135.5
	Cotton	201.8	202.0	200.9	182.7
	Grains	142.3	142.6	142.8	111.6
	Livestock	147.4	146.8	148.5	132.3
17.3	Fuels	122.8	122.8	122.8	119.7
10.8	Miscellaneous commodities	130.1	130.1	130.1	127.6
8.2	Textiles	151.4	151.4	151.3	148.2
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.6	152.6	152.2	151.6
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.9	118.5
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.9	135.7	135.8	127.5

*Indexes on 1926-1928 base were June 5, 1943, 105.9, May 8, 105.8 and June 6, 1942, 99.3.

Steel Production Affected By Coal Strike—War Strategy Reflected In Changed Needs

"With coal again trickling out of the mines, units of the steel industry are making a slow recovery from the effects of last week's strike which caused the loss of 50,000 tons of steel needed for war," the "Iron Age" states in its issue of today (June 10), further adding:

"While the battle between John L. Lewis and the Federal Government goes on, the steel industry's attention is divided between a number of pressing matters such as the reflections in its production schedules of shifting war strategy (typified by the layoff of 800 persons at the Gary armor plate mill, which is expected to affect 1,400 before the end of this week because of the cutback in the tank program) and the 48-hour work week.

"The blast furnaces which were shut down due to lack of coal lost about five days' output which cannot be made up. Steel production this week is down 2½ points to 94.5%, lowest since late December of 1941. In May the steel industry produced 7,545,379 net tons of ingots slightly under the all-time March peak, according to the American Iron and Steel Institute, and operated at 98.4% of capacity. Significantly, electric furnace steel production reached a new all-time peak of 389,057 tons.

"The coal strike will make it difficult for some steel production units to meet the quotas which WPB established for them for June and may be responsible in part for tighter steel mill schedules for months to come. In connection with the latter situation, furnace repairs on a larger scale than occurred last summer also will be another factor

"The 48-hour week in steel can be shrugged off by many persons as they turn to more interesting reading matter, but it is a vital subject to all connected with the industry. Labor hiring practically is frozen in steel, most companies are in a position where they cannot hire new workers, and WPB directives are not always sufficient to supply 48 hours per week per man on some steel finishing units. There are possibilities that the industry may find itself in a trying position in a few months, with some output jeopardized.

"Layoffs in a number of aircraft divisions are reported this week and may be augmented by further temporary halts."

The American Iron and Steel Institute on June 7 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.5% of capacity for the week beginning June 7, compared with 98.4% one week ago, 99.4% one month ago and 99.3% one year ago. This represents a decrease of 0.9 point or 0.9% from the preceding week. The operating rate for the week beginning June 7 is equivalent to 1,688,400 tons of steel ingots and castings, compared to 1,704,000 tons one week ago, 1,721,300 tons one month ago, and 1,686,700 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets on June 7 stated in part as follows:

"Various changes in war strategy are being reflected in the steel industry, causing uncertainty in various departments as adjustments are made, though all-over demand is not affected and no additional steel is being released for civilian use.

"Pig iron distribution is being made smoothly under the allocation plan and all users are receiving their requirements. Blast furnaces are likely to be the first to feel the effects of the coal mining suspension and coke supply will have to be conserved. This may result in stacks being blown out now for repairs that might have been delayed until later.

"The plate situation is well in hand under the perfected system developed by WPB and supplies are well matched to requirements. Some orders now are being placed well into next year for long-range programs but at the same time some capacity is available for August rolling and succeeding months. Plate buying is being done in a more leisurely manner under the strict control of CMP.

"While scrap supply is such that all melters have sufficient for current needs, the margin of safety is relatively thin and many melters are working with much less surplus than normal.

"American Iron and Steel Institute reports April production of finished steel for sale at 5,564,981 net tons and for four months at 22,196,829 tons. At this rate for the remainder of the year the 1943 output would be 66,540,487 tons. Plate production in April was 1,070,060 tons, which was at the rate of 141.5% of rated plate capacity.

"How severely restrictions on steel construction have affected fabricators is shown by statistics of the American Institute of Steel Construction. Bookings by fabricators in the first four months this year were 198,471 net tons, compared with 974,347 tons in the corresponding period last year. Bookings in April were 56,050 tons and shipments were 97,982 tons.

"Iron ore shipments in May totaled 10,974,672 gross tons, the Lake Superior Iron Ore Association reports, and the season total reached 12,929,467 tons May 31. This is 8,397,575 tons less than was loaded to the same date in 1942. In May, 1942, loadings of 12,677,356 tons almost equalled this year's season total."

President's Tribute To Civilian Defense Workers

President Roosevelt on May 15 praised the millions of volunteer civilian defense workers "for their efforts in protecting our bulwarks at home" and reminded them that "those efforts must continue unceasing until the day of victory is attained."

The occasion for the President's tribute was the second anniversary of the creation of the Office of Civilian Defense. His letter to James M. Landis, OCD Director, follows:

"I cannot allow the second anniversary of the creation of the Office of Civilian Defense to pass without expressing my appreciation of the good work accomplished. The problem has been twofold: to protect our people against enemy attack from without and economic and social dislocation from within.

"I know that millions of our own citizens and friendly aliens have volunteered their time, energies, services and even their lives in the performance of their duties as members of the United States Citizens Defense Corps, and the United States Citizens Service Corps, and have contributed to all of our other war programs which require the utmost in civilian participation and cooperation.

"We have not yet won this war and we must not withhold any human effort in fighting it. Every man, woman and child must continue to realize that this is an individual, as well as a national, battle and must continue to understand the need for accelerated activities in the discharge of these important civilian defense duties.

"I am proud, therefore, to take this opportunity to salute the millions of volunteers who have not questioned their country's need for their efforts in protecting our bulwarks at home and to remind them that those efforts must continue unceasing until the day of victory is attained."

Russell Replaces Potter As N.Y. Dist. Head of OPA

Sylvan L. Joseph, New York regional administrator for the Office of Price Administration, announced on June 2 the appointment of Frank C. Russell, of Brooklyn, a Vice-President of the New York Coffee and Sugar Exchange, as director of the New York District OPA to succeed Russell H. Potter, who had been acting director for the last six months. Mr. Potter was asked to remain as a member of Mr. Joseph's staff but on June 3 resigned.

The appointment of Mr. Russell was said to be in the interest of the food situation in New York.

Electric Output For Week Ended June 5, 1943, Shows 16.4% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 5, 1943, was approximately 3,925,893,000 kwh., compared with 3,372,374,000 kwh. in the corresponding week last year, an increase of 16.4%. The output for the week ended May 29, 1943, was 20.1% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— June 5	May 29	May 22	May 15
New England	5.0	12.2	9.3	9.9
Middle Atlantic	14.6	20.2	16.3	16.7
Central Industrial	11.8	16.4	16.7	16.3
West Central	10.7	11.2	11.4	14.2
Southern States	21.3	22.4	17.8	17.1
Rocky Mountain	19.2	15.9	16.4	17.7
Pacific Coast	28.6	33.4	31.9	32.9
Total United States	16.4	20.1	18.1	18.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13	3,939,708	3,421,639	+15.1	2,976,478	1,545,459	1,718,304
Feb 20	3,948,749	3,423,589	+15.3	2,985,585	1,512,158	1,699,250
Feb 27	3,892,796	3,409,907	+14.2	2,993,253	1,519,679	1,706,719
Mar 6	3,946,630	3,392,121	+16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+17.6	2,983,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+16.4	3,076,323	1,435,471	1,689,925

May Department Store Sales Decline

The Board of Governors of the Federal Reserve System announced on June 3 that department store sales decreased more than seasonally in May and the Board's adjusted index decline from 128 to 122% of the 1923-25 average.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	May, 1943	Apr., 1943	Mar., 1943	May, 1942
Adjusted for seasonal variation	122	128	136	108
Without seasonal adjustment	122	133	121	108

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One Week Ending— 5-29*	5-22	5-15	5-8	Four Weeks Ending— 5-29	5-1	3-27	2-27	Year to 5-29
Boston	+45	+22	+13	+9	+20	+18	+4	+22	+10
New York	+37	†+19	+9	+7	+16	+11	—1	+17	+6
Philadelphia	+39	+14	+8	+1	+14	+16	—4	+18	+7
Cleveland	+38	+21	+11	+4	+16	+6	—3	+28	+7
Richmond	+43	†+25	+21	+3	+21	+18	—3	+34	+12
Atlanta	+29	+44	+34	+36	+36	+35	+7	+43	+24
Chicago	+42	†+10	+8	+8	+15	+12	0	+30	+10
St. Louis	+36	†+25	+16	+20	+24	+13	—1	+36	+14
Minneapolis	§	§	§	§	+25	+18	+4	+25	+13
Kansas City	+52	+31	†+33	+36	+37	+34	+22	+59	+33
Dallas	+34	†+47	+50	+49	+46	+47	+24	+71	+39
San Francisco	+59	†+28	+35	+24	+34	+29	+15	+42	+25
U. S. total	+42	†+21	+16	+12	+21	+17	+3	+31	+13

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1943—		1942—	
May 1	128	May 2	134
May 8	152	May 9	136
May 15	133	May 16	115
May 22	137	May 23	114
May 29	135	May 30	95

*The large increases over last year reflect in part the fact that this year stores were open for 6 business days whereas in the corresponding week last year stores in most districts were closed on Saturday in observance of the Memorial Day holiday. †Revised. ‡Monthly indexes refer to daily average sales in calendar month; May, 1943 figures estimated from weekly sales. §Not shown separately but included in United States total.

Home Mtg. Recordings Down In First Quarter

The Federal Home Loan Bank Administration announces that the downward trend in mortgage recordings continued during the first quarter of this year when 247,051 instruments of $20,000 or less totaling $717,584,000 were filed for public record in non-farm areas throughout the United States. These estimated figures are only 75% of the 1942 levels, and represent the lowest January-March totals since the inception of the study in 1939. The average size of mortgage, however, has not varied appreciably from the past year. The $2,905 average for the first three months of 1943 was slightly lower than a year previous and about $200 above the first quarters of 1939 and 1940.

The announcement further explained:

"In line with seasonal expectations, mortgage recordings rose 22.5% from the short month of February to a total of more than $269,400,000 in March. Savings and loan associations indicated the largest increase of all types of institutions during this period—28%. Insurance companies ranked next with a rise of 23%, while the remaining types of lenders each augmented their volume by approximately 20%."

Type of Lender	March 1943— Volume (000)	% of Total	% Chg. from Feb. 1943	% Chg. from Mar. 1942	March 1942— Volume (000)	% of Total	% Chg. from Feb. 1942	Cumulative Recordings January-March Volume (000) 1943	1942	% Chg.
S. & L. Assns	$85,642	31.8	+27.9	—14.6	$100,296	29.9	+15.6	$217,515	$277,620	—21.7
Ins. Cos.	22,198	8.2	+22.9	—32.0	32,650	9.7	+14.4	60,162	92,258	—34.8
Bk. & Tr. Cos.	53,186	19.7	+20.1	—31.9	78,086	23.3	+11.2	146,099	225,938	—35.3
Mut. Svg. Bks.	9,536	3.5	+20.8	—21.6	12,162	3.6	+16.9	25,476	36,090	—29.4
Individuals	59,662	22.2	+19.7	—1.1	60,322	18.0	+13.0	160,099	172,738	—7.3
Others	39,195	14.6	+19.3	—24.8	52,120	15.5	+11.5	108,233	148,429	—27.1
Total	$269,419	100.0	+22.5	—19.7	$335,636	100.0	+13.4	$717,584	$953,073	—24.7

Roads Handle More Ton-Miles Of Rev. Freight

Railroads of Class I in the United States handled about 18% more ton-miles of revenue freight in April, 1943, than in April, 1942, according to a preliminary estimate prepared by the Association of American Railroads, it was announced on June 3.

In the first four months of 1943, Class I railroads performed 26% more revenue ton-miles of service than in the same period of 1942. Compared with the first four months of 1939, the freight service performed by American railroads in the first one-third of 1943 was 138% greater.

The following table summarizes revenue ton-mile statistics for the first four months of 1943 and 1942.

Revenue Ton-Miles of Freight

	1943	1942	% Increase
First two months of year	109,565,792,000	83,773,075,000	30.8
Month of March	*61,000,000,000	48,255,531,000	26.4
Month of April	†59,000,000,000	49,997,495,000	18.0
Total 4 months	229,565,792,000	182,026,101,000	26.1

*Revised estimate. †Preliminary estimate.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Jun 8	120.07	110.34	118.40	115.82	111.07	97.62	102.13	113.31	116.02
7	120.03	110.34	118.40	115.82	111.07	97.94	102.30	113.50	116.02
5	119.93	110.34	118.40	116.02	111.07	97.78	102.30	113.50	116.02
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
3	119.89	110.34	118.40	115.82	110.88	97.78	102.30	113.31	116.02
2	119.85	110.34	118.40	115.82	110.88	97.78	102.30	113.31	115.82
1	119.82	110.34	118.40	115.82	110.88	97.78	102.30	113.31	115.82
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.03	110.34	118.40	116.02	111.07	97.94	102.30	113.50	116.02
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
June 8, 1942	118.37	106.21	115.82	112.93	107.27	91.48	95.77	110.88	113.50
2 Years ago									
June 7, 1941	118.83	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.50

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Jun 8	1.86	3.15	2.73	2.86	3.11	3.90	3.62	2.99	2.85
7	1.86	3.15	2.73	2.86	3.11	3.88	3.61	2.98	2.85
5	1.87	3.15	2.73	2.85	3.11	3.89	3.61	2.98	2.85
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
3	1.87	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.85
2	1.87	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.86
1	1.88	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.86
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.86	3.15	2.73	2.85	3.11	3.88	3.61	2.98	2.85
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
June 8, 1942	1.94	3.38	2.86	3.01	3.32	4.31	4.02	3.12	2.98
2 Years ago									
June 7, 1941	1.90	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.98

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4
February, 1943	4.7	7.3	6.3	4.4	4.1	5.1
March, 1943	4.5	6.8	6.2	4.0	3.9	4.8
April, 1943	4.5	6.6	5.8	4.1	3.9	4.8
May, 1943	4.3	6.2	5.5	4.0	3.8	4.6

Chicago Home Loan Bank Advances In 1st Quarter

The borrowing of $60,155,000 for home ownership purposes from all types of lenders in Illinois and Wisconsin during the first quarter of 1943 is reported by the Federal Home Loan Bank of Chicago on basis of mortgages recorded in counties with 75% of the urban population. Continuing a trend noted throughout 1942 for more than half of the borrowing to be done in metropolitan areas, Cook and Milwaukee Counties accounted for 55.5% of the home-owner borrowing during the first three months this year.

A. R. Gardner, president of the Bank, said on May 22 that this year's volume of new indebtedness was less than in any first quarter in four years, but was still $5,000,000 more than was recorded in this district in 1939 which was considered already well into the recovery period. Thus he feels, that families are continuing their interest in home buying and repairing far above depression levels, despite wartime restrictions and uncertainties. The advices from the Bank also state:

"Largest source of funds borrowed in this district was the savings, building and loan associations located in practically every county in the two states. They were the source of 32.7% of the home mortgage money in the first quarter, representing an increase of a few points over the proportion of the financing they did in the first quarter of 1942. Mr. Gardner pointed out that these associations, most of which are members of the Federal Home Loan Bank of Chicago, their reserve system, have increased their percentage of the home financng in the past four years from 29% to the present figure.

"In number the savings and loan institutions provided 37% of the mortgages made in all parts of the two states and 42.2% of those made in non-metropolitan areas."

May Steel Plate Output Maintained At High

Steel plate production last month was maintained at about recent record levels, H. G. Batcheller, Director of the Steel Division announced on June 5.

May shipments totaled 1,114,920 net tons, compared with 1,121,647 net tons in April, and 1,012,194 net tons in May, 1942. The record for plate shipments in any one month was set in March, 1943, when 1,167,679 net tons were shipped.

Mr. Batcheller said that plate shihpments last month were in strict conformity with the Production Directives issued to plate producers for May, and that shipments were in good balance with the plate requirements of the Claimant Agencies.

Included in the May shipments were 535,528 net tons produced on continuous strip mills which have been converted to plate. Strip mill shipments in April were at an almost identical figure, 535,548 tons, while a total of 425,211 net tons were shipped from strip mills in May, 1942.

Moody's Daily Commodity Index

Tuesday, June 1	246.0
Wednesday, June 2	245.2
Thursday, June 3	245.7
Friday, June 4	246.1
Saturday, June 5	245.7
Monday, June 7	245.6
Tuesday, June 8	244.8
Two weeks ago, May 25	245.7
Month ago, May 8	246.1
Year ago, June 8	227.1
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Labor Bureau's Wholesale Commodity Index Advanced 0.2% During Week Ended May 29

The U. S. Department of Labor announced on June 3 that the Bureau of Labor Statistics' comprehensive index of prices in primary markets rose 0.2% during the week ended May 29. The all-commodity index stood at 104% of the 1926 average, 5.3% above a year ago.

The Department's announcement further said:

"Farm products and foods.—Further increases in prices of fresh fruits and vegetables, an advance in grain prices, and higher quotations for calves and ewes contributed to the rise of 0.7% in the index for farm products. Prices of corn, hogs, eggs, flaxseed, onions, and white potatoes at New York were lower than for the previous week. The index for foods was higher by 0.4% as a result of higher prices for fruits and vegetables and an increase of 2% for rye flour.

"Industrial commodities—Prices of industrial commodities continued steady. The index for building materials as a group remained unchanged although there were increases in prices of lamp black and turpentine and decreases in cement, maple flooring, and linseed oil. Drugs and pharmaceuticals advanced 0.1% as the price of ergot rose sharply. An increase of 0.1% in the price of bituminous coal was not sufficient to affect the index for the fuel and lighting materials group."

The following notation is made:

"During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for May 1, 1943 and May 30, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to May 29, 1943 from—		
Commodity groups—	5-29 1943	5-22 1943	5-15 1943	5-1 1943	5-30 1942	5-22 1943	5-1 1943	5-30 1942
All commodities	*104.0	*103.8	*103.8	*103.5	98.8	+0.2	+0.5	+ 5.3
Farm products	*126.7	*125.8	*125.7	*124.3	106.0	+0.7	+1.9	+19.5
Foods	110.7	110.3	110.2	108.7	99.4	+0.4	+1.8	+11.4
Hides and leather products	118.4	118.4	118.4	118.4	119.0	0	0	— 0.5
Textile products	96.9	96.9	96.9	96.9	97.2	0	0	— 0.3
Fuel and lighting materials	81.3	81.3	81.5	81.5	78.9	0	—0.2	+ 3.0
Metals and metal products	*103.9	*103.9	*103.9	*103.9	104.0	0	0	— 0.1
Building materials	110.3	110.3	110.4	110.3	109.9	0	0	+ 0.4
Chemicals and allied products	100.2	100.2	100.2	100.1	97.3	0	+0.1	+ 3.0
Housefurnishing goods	104.2	104.2	104.2	104.2	104.5	0	0	— 0.3
Miscellaneous commodities	91.7	91.7	91.4	91.4	90.1	0	+0.3	+ 1.8
Raw materials	*114.3	*113.8	*113.7	*112.7	100.6	+0.4	+1.4	+13.6
Semimanufactured articles	92.9	92.9	92.9	92.9	92.7	0	0	+ 0.2
Manufactured products	*100.9	*100.9	*101.0	*100.9	99.1	0	0	+ 1.8
All commodities other than farm products	*99.1	*99.1	*99.1	*99.1	97.3	0	0	+ 1.8
All commodities other than farm products and foods	*96.9	*96.9	*96.9	*96.9	95.9	0	0	+ 1.0

*Preliminary.

Eng. Construction At 1943 High As Private Volume Is Highest Since October, 1940

Civil engineering construction in continental U. S. totals $106,873,000 for the short week due to the Memorial Day holiday. This volume, not including construction by military combat engineers, American contracts outside the country, and shipbuilding, is the highest reported since the week of November 12, 1942. It compares with $46,465,000 for the full preceding week, but is 61% below the total for the corresponding week last year, as reported by "Engineering News-Record" on June 3, which continued as follows:

Private construction for the week totals $54,323,000, 51% of the total, and is the top figure reported since October 31, 1940. The private total compares with $3,654,000 a week ago, and is 242% higher than a year ago. Public work is 80% lower than in the 1942 week as a result of the 81% decline in federal volume, and the 59% decrease in state and municipal construction.

The current week's construction brings 1943 volume to $1,598,632,000, an average of $72,665,000 for each of the 22 weeks. On the weekly average basis, 1943 volume is 60% below the $4,211,327,000 for the 23-week period in 1942. Private work, $204,089,000, is 33% lower, and public construction, $1,394,543,000, is down 63% when adjusted for the difference in the number of weeks.

Civil engineering construction volume for the 1942 week, last week, and the current week are:

	June 4, 1942 (four days)	May 27, 1943 (five days)	June 3, 1943 (four days)
Total U. S. Construction	$274,971,000	$46,465,000	$106,873,000
Private Construction	15,851,000	3,654,000	54,323,000
Public Construction	259,120,000	42,811,000	52,550,000
State and Municipal	10,509,000	6,440,000	4,296,000
Federal	248,611,000	36,371,000	48,254,000

Industrial building volume totals $51,565,000, the highest weekly value reported since October 17, 1940, and is the only class of work to gain over the 1942 week. Comparisons with a week ago reveal gains in waterworks, industrial, commercial, and public buildings. Subtotals for the week in each class of construction are: waterworks, $1,106,000; sewerage, $270,000; bridges, $142,000; industrial buildings, $51,565,000; commercial building and large-scale private housing, $2,733,000; public buildings, $40,641,000; earthwork and drainage, $100,000; streets and roads, $4,937,000; and unclassified construction, $5,379,000.

New capital for construction purposes for the week totals $291,000, and is made up entirely of state and municipal bond sales. The week's new financing brings the 22-week 1943 volume to $492,713,000, a total that is 92% lower than the $6,823,307,000 for the 23-week period in 1942.

Continental U. S. Civil Engineering Construction $273,650,000 For May

Civil engineering construction volume for the month of May in continental United States totals $273,650,000, an average of $68,413,000 for each of the four weeks of the month. This weekly average volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding is 10% lower than the average for the five weeks of April 1943, and 74% below the all-time high average reported for May 1942 by "Engineering News-Record" on June 2, which added in part:

On the weekly average basis, May private construction volume declines 40% from a month ago, and is down 55% from a year ago. Public work is 6 and 75% lower, respectively, than last month and last year. The decrease in public construction compared with the preceding month is due to a 7% decline in Federal volume, as state and municipal work increases 6% over a month ago. State and municipal work, however, is down 59% compared with May 1942, and Federal construction is 76% lower.

Civil engineering construction volumes for the corresponding 1942 month, the preceding month, and the current month are:

	May, 1942 (4 weeks)	April, 1943 (5 weeks)	May, 1943 (4 weeks)
Total U. S. Construction	$1,044,572,000	$379,068,000	$273,650,000
Private Construction	49,325,000	45,710,000	22,014,000
Public Construction	995,247,000	333,358,000	251,636,000
State and Municipal	55,847,000	26,605,000	22,649,000
Federal	939,400,000	306,753,000	228,987,000

The current month's volume brings 1943 engineering construction for the five-month period to $1,491,759,000, an average of $71,036,000 for each of the 21 weeks of the year. On the weekly average basis, 1943 volume is 60% lower than the $3,936,356,000 reported for the 22-week period last year. Public construction, $1,341,993,000, is 61% under a year ago as a result of the 71% decrease in state and municipal construction and a 60% decline in federal volume. Private construction, $149,766,000, is down 48% when adjusted for the difference in the number of weeks reported.

New Capital

New capital for construction purposes for May totals $13,143,000. This new financing volume is made up of $11,893,000 in state and municipal bond sales, $750,000 in corporate security issues, and $500,000 in RFC loans for public improvements.

The month's new financing brings the volume for the 21 weeks of 1943 to $492,422,000, a total that compares with $6,818,823,000 for the 22-week period a year ago.

Non-Ferrous Metals—Slight Easing By WPB Of Lead And Zinc Conservation

Editor's Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of June 3, stated: "During the last week the War Production Board amended both the lead and zinc conservation orders slightly, permitting freer use of these metals for "essential" purposes. Though the move hardly points to a change in the stringent views entertained in Washington in reference to war materials, non-ferrous metal producers believe that the trend toward modifying some of the controls should improve from now on. News from the Tri-State district was better. Flood damage is being repaired and output of zinc and lead concentrate in that area last week was back to about two-thirds of normal. Our index of major nonferrous metal prices for May was unchanged for the ninth consecutive month." The publication further went on to say:

Copper

The labor situation at copper mines is expected to show the customary deterioration during the summer months, and production may slump moderately in some districts. However, so far this year output of copper has held a more or less even course. All of the new supplies available for June delivery have not yet been allocated. The price situation remains unchanged.

Peru exported the equivalent of 35,139 metric tons of copper during 1942, which compares with 35.326 tons in 1941, according to official returns published in Foreign Commerce Weekly, Department of Commerce.

Lead

WPB has issued General Preference Order M-38, as amended, and, at the same time has revoked M-38 and M-38-c, and supplementary orders M-38-a and M-38-b, and M-38-d to i, inclusive. The latest version of the lead conservation order, effective May 26, eases the restrictions moderately in that essential uses have been freed from all controls, doing away with the 90% limitation which existed on all uses. Some minor changes were made in list "A" that covers items for which lead must not be used. In reference to foil, list "A" now specifies that lead may not be used in making foil for packaging cigarettes, tobacco, cigars, candy, gum, beverages or fluids, except cap inserts for medicinals.

Sales of common lead for the last week were over three times those in the week previous. Consumer's needs for the month of June are said to be slightly more than two-thirds covered. The price situation in lead was unchanged last week.

Zinc

The zinc conservation order was eased a trifle last week when WPB permitted galvanizers making certain kinds of more or less essential galvanized pails to increase production. Otherwise, the situation in zinc showed little change. Tri-State operations in zinc concentrate are being restored rapidly after the recent flood damage and output this week is back to about 66 per cent of what might be termed normal.

Antimony

Retroactive to May 15, our quotation for bulk antimony, f.o.b. New York, was 15.452c. per pound, instead of the previous quotation of 15.509c. In revising the New York equivalent downward, reflecting a recent freight rate ruling, we took into consideration the published tariff on such shipments of $18.48 per ton, plus the 3 percent tax, making a total freight charge of $19.034 per ton, equal to 0.912c. per pound.

The New York quotation for antimony packed in cases, ex warehouse, continued unchanged last week at 16.049c. for lots of 5 tons or more but less than a carload lot.

Chrome Ore

Sellers of chrome ore (metallurgical or chemical) are entitled to a higher handling charge when the material is shipped in box cars rather than gondola cars, OPA ruled. Amendment No. 2 to Maximum Price Regulation No. 258 (Chrome Ores) permits the ore seller to increase his maximum price by an amount equal to the extra expense entailed in loading. The Amendment became effective June 2, 1943.

Tin

The tin trade looks for an amendment to the price schedule to provide for the sale of grades produced at the Texas smelter that fall below "Grade A." At present this material is selling on a basis of 99% tin, whereas it contains around 99.5%. The price of "Grade A" tin will not be disturbed, continuing at 52¢.

Straits quality tin for shipment was as follows:

	June	July	August
May 27	52.000	52.000	52.000
May 28	52.000	52.000	52.000
May 29	52.000	52.000	52.000
May 31		—Holiday—	
June 1	52.000	52.000	52.000
June 2	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c. a pound.

Quicksilver

With current production of quicksilver finding ready takers, the price situation remains firm in all directions. Quotations in New York continued at $196@$198 per flask, with sales within that range.

Silver

The industry hopes for some action on the Green bill this month. The measure aims to release Treasury silver for essential uses, thereby relieving the supply situation. The New York Official held at 44¾c., and the Treasury's price continued at 35c. London unchanged at 23½d.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Senate Votes Sharp Cut In Funds For Planning Board

The Senate voted on May 27 to provide the National Resources Planning Board with only $200,000 of a requested $1,400,000 for post-war planning. This agency, which is headed by Frederic A. Delano, the President's uncle, was denied funds to continue its operations by the House last February.

The Senate action, coming by a vote of 44 to 31, was taken in passing the $2,621,000,000 Independent Offices Appropriations Bill.

An effort was made to increase the funds earmarked for the Board from $200,000 to $534,000 but this motion was defeated by a vote of 43 to 31. It is said that the $200,000 provided by the Senate, will mainly be applied in permitting the NRPB to function in cooperation with State and local planning groups. However, a joint conference committee will have to decide whether the Board will continue to function on a reduced scale as provided by the Senate or be eliminated as voted by the House.

The Senate also inserted an amendment to the bill directing the Home Owners' Loan Corporation to prepare a plan for its complete liquidation by July 1, 1945, and to make semi-annual reports, in the meantime, on the progress toward liquidation.

House elimination of funds for the NRPB was noted in these columns Feb. 25, page 766.

April Building Construction Dollar Volume In Urban Areas Down Only 1% From March

The 19% increase between March and April 1943 in the value of privately financed building construction started in urban areas of the United States practically offset the 20% decline in the value of Federal construction contracts awarded, Secretary of Labor Frances Perkins reported on May 29. "The decrease of less than 1% in total valuation is in marked contrast to the sharp downward movement of the previous 13 months," she said. "The valuation of new non-residential buildings declined 13% between March and April while the valuation of new residential building increased 3% and additions, alterations, and repairs to existing structures increased 19%."

Secretary Perkins added:

"The dollar volume of building construction started in urban areas during April 1943 showed a decrease of 70% when compared with the same month a year ago. All types of building construction shared in this decline, but the most pronounced drop was in the value of non-residential buildings which decreased 82%. New residential valuations declined 58% while additions, alterations, and repairs to existing structures decreased 44%."

Changes in permit valuations and the value of Federal contracts awarded in all urban areas of the United States between March and April 1943, and between April 1942 and April 1943, are summarized below.

	Percentage change from:					
	—Mar. 1943 to Apr. 1943—			—Apr. 1942 to April 1943—		
Class of contsruction	Total	Other than Federal	Federal	Total	Other than Federal	Federal
All building construction	—0.4	+19.3	—19.6	—70.1	—60.9	—77.6
New residential	+2.7	+14.7	—16.3	—58.0	—61.5	—47.8
New non-residential	—12.5	+49.5	—22.7	—82.4	—75.8	—83.8
Additions, alterations and repairs	+19.3	+17.8	+70.6	—43.9	—43.7	—49.0

From the Labor Department's announcement we also quote:

"Permits were issued or contracts were awarded for 15,686 family dwelling units in urban areas during April 1943. This represents a decrease of less than 1% from the previous month and a drop of 53% from the total for April 1942. Thirty-seven percent of the total for April 1943, or 5,826 units, were in Federal housing projects for war workers. These Federally financed units declined 10% from March 1943 and 27% from April 1942. The number of privately financed units in April 1943 was 6% greater than in the previous month but 61% less than a year ago. Federal contracts were also awarded during April 1943 for dormitories providing accommodations for 2,764 persons.

"The Bureau of Labor Statistics has revised its methods of summarizing reports on building permits. Through January 1943, the figures covered a specified number of reporting cities, which varied from month to month. Beginning with the February 1943 comparisons, the data cover all building construction in urban areas of the United States, which by Census definition, includes all cities and towns with population of 2,500 or more in 1940. The principal advantage of this change is that figures for every month will be comparable since estimates are made for any cities failing to report in a given month. As in the past, the value of contracts awarded by the Federal Government for building construction will be combined with information obtained from the building-permit reports. However, because of the volume of Federally financed construction at the present time, the contract value of such construction will also be shown separately.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in April 1943, except projects which have been excluded because of their confidential nature were: Hartford, Conn., 12 apartments providing 48 dwelling units to cost $198,000, and one institutional building to cost $105,000; South Portland, Me., 60 one-family dwellings to cost $229,000; Springfield, Mass., 41 one-family dwellings to cost $175,000, and 9 stores and mercantile buildings to cost $193,000; Niagara Falls, N. Y., 9 factories to cost $198,000; Darby, Pa., 158 one-family dwellings to cost $474,000; Philadelphia, Pa., 207 one-family dwellings to cost $835,000; Chicago, Ill., 29 one-family dwellings to cost $129,000, 104 units in two-family dwellings to cost $283,000, and 11 apartments providing 44 dwellings units to cost $146,000; Mundelein, Ill., 61 one-family dwellings to cost $275,000; Hammond, Ind., 46 units in two family dwellings to cost $207,000; Detroit, Mich., 625 one-family dwellings to cost $3,118,000, 160 units in two-family dwellings to cost $709,000; East Detroit, Mich., 53 one-family dwellings to cost $245,000; Garden City, Mich., 70 one-family dwellings to cost $280,000; Royal Oak, Mich., 94 one-family dwellings to cost $466,000; Wayne, Mich., 93 one-family dwellings to cost $332,000; Cleveland, Ohio, 112 one-family dwellings to cost $536,000, 14 units in two-family dwellings to cost $61,000, and 7 apartments providing 120 dwelling units to cost $436,000; Columbus, Ohio, 46 one-family dwellings to cost $223,000; Dayton, Ohio, 22 one-family dwellings to cost $117,000 and 12 apartments providing 48 dwelling units to cost $164,000; Maple Heights, Ohio, 64 one-family dwellings to cost $291,000; Wichita, Kans., 110 units in two-family dwellings to cost $226,000 and 55 apartments providing 220 dwelling units to cost $450,000; Sioux Falls, So. Dak. 44 one-family dwellings to cost $174,000, 26 units in two-family dwellings to cost $90,000, 10 apartments providing 40 dwelling units to cost $100,000; Washington, D. C., 18 apartments providing 97 dwelling units to cost $273,000; Jacksonville, Fla., 71 one-family dwellings to cost $204,000, 42 units in two-family dwellings to cost $79,000, and 7 apartments providing 28 dwelling units to cost $53,000; Marietta, Ga., 261 one-family dwellings to cost $761,000; Savannah, Ga., 52 one-family dwellings to cost $239,000; Baltimore, Md., 46 one-family dwellings to cost $133,000, and 78 units in two-family dwellings to cost $139,000; Tacoma Park, Md., 1 apartment providing 96 dwelling units to cost $285,000; Arlington, Va., 12 apartments providing 161 dwelling units to cost $588,000; Memphis, Tenn., 63 one-family dwellings to cost $216,000, 70 units in two-family dwellings to cost $149,000; Fort Worth, Texas, 195 one-family dwellings to cost $428,000; Long Beach, Calif., 223 one-family dwellings to cost $671,000, and 3 apartments providing 76 dwelling units to cost $110,000; Redondo Beach, Calif., 108 one-family dwellings to cost $360,000; San Francisco, Calif., 166 one-family dwellings to cost $517,000; Seattle, Wash., 99 one-family dwellings to cost $401,000, and 68 units in two-family dwellings to cost $215,000; and Spokane, Wash., 140 one-family dwellings to cost $605,000.

"In addition, contracts were awarded during April 1943 for the following Federally financed housing projects containing the indicated number of housekeeping units: Willimantic, Conn., $382,000 for 184 units; Holyoke, Mass., $211,000 for 112 units; Southbridge, Mass., $150,000 for 80 units; Springfield, Mass., $519,000 for 250 units; Chester, Pa., $325,000 for 150 units; Detroit, Mich., $890,000 for 332 units; Muskegon, Mich., $600,000 for 300 units; Akron, Ohio, $847,000 for 300 units; Sandusky, Ohio, $300,000 for 100 units; Warren, Ohio, $795,000 for 320 units; Tomah, Wis., $123,000 for 50 units; Avon Park, Fla., $186,000 for 110 units; Orange, Texas, $5,795,000 for 2,748 units; Phoenix, Ariz., $361,000 for 200 units; Lompoc, Calif., $301,000 for 160 units; Oceanside, Calif., $31,000 for 20 units; Portland, Oreg., $825,000 for 400 units; and Spokane, Wash., $24,000 for 10 units.

"Federal contracts were also awarded for dormitory accommodations for 98 persons at Southbridge, Mass., to cost $58,000; for 50 persons at Dayton, Ohio, to cost $48,000; for 68 persons at Avon Park, Fla., to cost $38,000; for 500 persons at Norfolk, Va., to cost $395,000; for 150 persons at Palm Springs, Calif., to cost $105,000; for 1,000 persons at San Francisco, Calif., to cost $800,000; and for 498 persons at Portland, Oreg., to cost $375,000. Dormitory units were also provided for 400 persons in Springfield, Ohio, by converting a children's home at a cost of $64,000."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended May 29, 1943 is estimated at 11,800,000 net tons, an increase of 185,000 tons, or 1.6%, over the preceding week. Production in the corresponding week last year (a partial-holiday week) amounted to 11,058,000 tons. For the present year to May 29, soft coal output was 5.1% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the production of Pennsylvania anthracite for the week ended May 29 was estimated at 1,352,000 tons, an increase of 91,000 tons (7.2%) over the preceding week. When compared with the output in the corresponding week last year, there was an increase of 539,000 tons, or 66.3%.

The Bureau of Mines also announced that the estimated production of byproduct coke in the United States for the week ended May 29 showed a decrease of 7,700 tons when compared with the output for the week ended May 22. The quantity of coke from beehive ovens increased 7,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	May 29 1943	†May 22 1943	May 30 1942	‡May 29 1943	May 30 1942	May 29 1937
Total, incl. mine fuel	11,800	11,615	11,058	249,521	237,394	192,053
Daily average	1,967	1,936	2,086	1,972	1,877	1,523
*Crude Petroleum— Coal equivalent of weekly output	6,360	6,416	6,211	133,363	131,144	115,111

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§May 29 1943	May 22 1943	May 30 1942	May 29 1943	May 30 1942	Jun 1 1929
Total, incl. mine fuel	11,800	11,615	11,058	241,521	237,394	192,053
†Commercial production	1,298,000	1,211,000	¶780,000	24,988,000	¶23,410,000	28,574,000
Beehive coke— United States total	166,800	159,000	153,100	3,384,600	3,387,800	2,734,100
By-product coke— United States total	1,220,300	1,228,000	1,193,900	25,982,500	25,193,600	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					May
State—	May 22 1943	May15 1943	May 23 1942	May 24 1941	May 22 1937	Avge. ¶1923
Alabama	404	396	370	332	267	398
Alaska	6	6	5	4	2	**
Arkansas and Oklahoma	50	52	72	14	13	66
Colorado	159	153	137	91	82	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,340	1,454	1,212	1,037	562	1,292
Indiana	441	488	470	432	243	394
Iowa	38	47	46	41	24	89
Kansas and Missouri	81	149	160	92	72	131
Kentucky—Eastern	971	1,016	980	924	796	679
Kentucky—Western	278	301	228	154	106	183
Maryland	39	37	41	36	18	47
Michigan	6	8	5	1	1	12
Montana (bituminous and lignite)	77	77	54	43	32	42
New Mexico	32	32	30	19	27	57
North and South Dakota (lignite)	23	34	28	17	16	**14
Ohio	699	740	698	589	458	860
Pennsylvania (bituminous)	2,865	2,995	2,818	2,851	2,002	3,578
Tennessee	133	138	152	157	108	121
Texas (bituminous and lignite)	5	5	6	7	16	22
Utah	134	132	110	67	24	74
Virginia	409	435	408	393	242	250
Washington	28	33	43	29	29	44
*West Virginia—Southern	2,294	2,406	2,189	2,242	1,679	1,380
†West Virginia—Northern	937	995	869	802	531	862
Wyoming	164	169	134	100	72	110
‡Other Western States	1	1	††	††	††	**5
Total bituminous and lignite	11,615	12,300	11,266	10,475	7,422	10,878
§Pennsylvania anthracite	1,261	1,420	1,201	871	1,085	1,932
Total all coal	12,876	13,720	12,467	11,346	8,507	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Govt. Bond Holdings By Life Insurance Cos. Increased Further

Record subscriptions entered in the Second War Loan Drive in April brought total purchases of United States Government bonds by the life insurance companies in the first four months of the year up to a total of $2,200,000,000, according to the Institute of Life Insurance. These new purchases it is indicated were more than four times the aggregate for the corresponding months of 1942 when government bond purchases by the life insurance companies were reported as $530,000,000. "Life insurance holdings of United States Government bonds represent on the average $157 per policyholder, and $321 per family," the Institute pointed out in announcing the figures on May 18. "Thus policyholders through the investment of their life insurance funds" the Institute said "are making a direct and substantial contribution to the financing of the nation's war effort." In its advices the Institute also said:

"Total holdings of government bonds by the life insurance companies at the end of April amounted to $10,500,000,000. The increase in holdings represents substantially more than the increase in assets of life companies during the four month period, funds available from sales and maturities of other investments making up the balance. In the aggregate, some 30% of all life insurance invested funds are now in United States Government obligations.

"Approximately 105,000 or 95% of the 111,000 home office and branch office employees of life insurance companies are now participating in War Bond purchase through company payroll purchase plans, to the extent of $1,500,000 monthly, it is also reported by the Institute of Life Insurance. Two-thirds of the companies report more than 90% participation by their employees and one-fourth of the companies report that their employees are averaging more than 10% of pay."

Sterling Quits WPB Newspaper Advisory Post

Donald M. Nelson, Chairman of the War Production Board, announced on May 14 the resignation of Donald J. Sterling, his consultant on the newspaper and publishing industries. Mr. Sterling is returning to his post as managing editor of "The Oregon Journal," Portland, Ore., after seven months with the WPB. Mr. Nelson, as reported in Washington advises May 14 to the New York "Herald Tribune," said:

"During Mr. Sterling's term of service with the War Production Board we worked out a three-point formular governing the use of print paper by the publishing industry. I think this formula is very sound and I would like to re-emphasize it. It calls for: (1) No limitation just for the sake of limitation, but merely to meet war needs; (2) No suggestion to any publisher as to how he shall use the paper allotted him; (3) No discrimination in allocation.

"I am deeply appreciative of the fine service Mr. Sterling has rendered and also of the splendid cooperation that has been given to him and me by the publishers of America.

"The printing and publishing division, under the direction of W. G. Chandler and H. M. Bittner, is eminently able to continue administration of the several orders governing the use of paper in the publishing industry."

Daily Average Crude Oil Production For Week Ended May 29, 1943 Declined 35,450 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 29, 1943 was 3,970,300 barrels, a decrease of 35,450 barrels from the preceding week, and 327,100 barrels per day less than the daily average figure recommended by the Petroleum Administration for War for the month of May, 1943. The current figure, however, is 93,000 barrels per day more than in the corresponding period last year. Daily production for the four weeks ended May 29, 1943 averaged 3,995,200 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,679,000 barrels of crude oil daily and produced 10,656,000 barrels of gasoline; 3,798,000 barrels of distillate fuel oil, and 7,672,000 barrels of residual fuel oil during the week ended May 29, 1943; and had in storage at the end of that week 83,937,000 barrels of gasoline; 32,274,000 barrels of distillate fuels, and 67,682,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production Week Ended May 29, 1943	Change from Previous Week	4 Weeks Ended May 29, 1943	Week Ended May 30, 1942
Oklahoma	379,000	379,000	†323,250	+ 3,450	327,800	383,250
Kansas	309,700	309,700	†299,450	—12,200	302,400	256,500
Nebraska	2,400	------	†2,050	— 50	2,100	4,000
Panhandle Texas			91,100	----	91,100	98,000
North Texas			131,750	----	131,850	155,950
West Texas			226,750	----	226,750	210,000
East Central Texas			124,300	----	124,300	100,050
East Texas			339,300	----	339,300	495,000
Southwest Texas			214,000	----	214,000	165,950
Coastal Texas			375,200	----	375,200	324,850
Total Texas	1,622,000	‡1,584,637	1,502,400	----	1,502,500	1,549,800
North Louisiana			87,050	— 200	87,100	86,550
Coastal Louisiana			261,050	----	260,650	208,150
Total Louisiana	359,300	377,000	348,100	— 200	347,750	294,700
Arkansas	73,000	75,043	72,900	+ 300	72,350	72,750
Mississippi	50,000		54,000	— 2,350	54,350	82,000
Illinois	250,800		211,550	— 8,150	219,500	288,450
Indiana	16,000		13,650	— 600	14,100	21,300
Eastern (not incl. Ill. Ind., Ky.)	92,200		79,700	— 300	78,350	89,800
Kentucky	23,500		21,950	— 650	22,450	11,200
Michigan	62,100		61,700	+ 3,800	59,650	64,400
Wyoming	97,000		92,100	— 600	93,050	93,350
Montana	24,600		20,900	+ 350	20,650	21,700
Colorado	7,400		6,650	+ 50	6,650	6,350
New Mexico	105,700	105,700	96,850	— 100	97,000	54,450
Total East of Calif.	3,474,700		3,207,200	—17,250	3,220,650	3,294,000
California	822,700	§822,700	763,100	—18,200	774,550	583,300
Total United States	4,297,400		3,970,300	—35,450	3,995,200	3,877,300

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in February, 1943, as follows: Oklahoma, 29,200; Kansas, 6,300; Texas, 103,100; Louisiana, 20,400; Arkansas, 2,800; Illinois, 10,800; Eastern (not including Illinois, Indiana or Kentucky), 10,000; Kentucky, 3,300; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,500; California, 43,000.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. May 27.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 16 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 29, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

	Daily Refining Capacity		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
District—	Potential Rate	% Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,730	70.8	5,024	33,235	13,348	11,636
Appalachian	177	84.8	159	89.8	396	2,409	862	476
Ind., Ill., Ky.	824	85.2	702	85.2	2,246	18,851	4,198	3,040
Okla., Kans., Mo.	416	80.1	318	76.4	1,007	6,373	1,744	1,536
Rocky Mountain	147	49.0	85	57.8	300	1,922	321	600
California	817	89.9	685	83.8	1,683	21,147	11,801	50,394
Tot. U. S. B. of M. basis May 29, 1943	4,825	86.2	3,679	76.2	10.656	†83,937	32,274	67,682
Tot. U. S. B. of M. basis May 22, 1943	4,825	86.2	3,698	76.6	10,300	¶85,331	32,193	67,717
U. S. Bur. of Mines basis May 30, 1942			3,521		10,578	95,283	30,391	79,690

*At the request of the Petroleum Administration for War. †Finished, 73,247,000 barrels; unfinished, 10,690,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,450,000 barrels of kerosine, 3, 798,000 barrels of gas oil and distillate fuel oil and 7,672,000 barrels of residual fuel oil produced in the week ended May 29, 1943, which compares with 1,453,000 barrels, 3,682,000 barrels and 7,442,000 barrels, respectively, in the preceding week, and 1,197,000 barrels, 3,034,000 barrels and 6,993,000 barrels, respectively, in the week ended May 30, 1942. ¶On new basis in Indiana, Illinois, Kentucky district, due to inclusion of material not previously included by a reporting company.

Note.—Stocks of kerosene amounted to 5,936,000 barrels during the week ended May 29, 1943 as compared with 5,895,000 barrels in the preceding week and 8,393,000 barrels in the corresponding week of 1942.

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 5 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended May 22, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 22 (in round-lot transactions) totaled 2,270,055 shares, which amount was 16.94% of the total transactions on the Exchange of 6,700,480 shares. This compares with member trading during the week ended May 15 of 3,275,740 shares or 15.76% of total trading of 10,394,270 shares. On the New York Curb Exchange, member trading during the week ended May 22 amounted to 496,655 shares, or 13.95% of the total volume of that Exchange of 1,779,725 shares; during the May 15 week trading for the account of Curb members of 819,995 shares was 12.44% of total trading of 3,295,455 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 22, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	148,080	
‡Other sales	6,552,400	
Total sales	6,700,480	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	568,820	
Short sales	77,880	
‡Other sales	496,510	
Total sales	574,390	8.53
2. Other transactions initiated on the floor—		
Total purchases	372,900	
Short sales	20,100	
‡Other sales	330,380	
Total sales	350,480	5.40
3. Other transactions initiated off the floor—		
Total purchases	174,590	
Short sales	11,600	
‡Other sales	217,275	
Total sales	228,875	3.01
4. Total—		
Total purchases	1,116,310	
Short sales	109,580	
‡Other sales	1,044,165	
Total sales	1,153,745	16.94

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 22, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	13,390	
‡Other sales	1,766,335	
Total sales	1,779,725	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	136,600	
Short sales	10,725	
‡Other sales	143,480	
Total sales	154,205	8.17
2. Other transactions initiated on the floor—		
Total purchases	55,325	
Short sales	1,100	
‡Other sales	55,450	
Total sales	56,550	3.14
3. Other transactions initiated off the floor—		
Total purchases	20,915	
Short sales	100	
‡Other sales	72,960	
Total sales	73,060	2.64
4. Total—		
Total purchases	212,840	
Short sales	11,925	
‡Other sales	271,890	
Total sales	283,815	13.95
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	25	
§Customers' other sales	58,761	
Total purchases	58,786	
Total sales	45,367	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 7 a summary for the week ended May 29 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended May 29, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	20,160
Number of Shares	593,838
Dollar Value	21,660,674
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	123
*Customers' other sales	21,874
Customers total sales	21,997
Number of Shares:	
Customers' short sales	3,322
*Customers' other sales	577,894
Customers' total sales	581,216
Dollar value	18,306,059
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	220
†Other sales	159,040
Total sales	159,260
Round-Lot Purchases by Dealers—	
Number of shares	196,970

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

War Meat Board To Divide National Supply

The War Food Administration and the Office of Price Administration announced jointly on May 16 the establishment of a War Meat Board, to increase effectiveness of the allocation and distribution of the national meat supply among the three claimant groups—the armed forces, civilians and lend-lease—"taking into account the total quantity of meat available from day to day and week to week."

The nine-member board, serving as the "nerve center" for the entire war-time meat management program, will operate in Chicago.

According to United Press advices, it will consist of:

"The authorized representative of the War Food Administrator, as Chairman; a representative of the armed forces; another representative of the Food Administration to be responsible for other Government meat purchases, such as lend-lease; representatives of the Price and Food Rationing Divisions of OPA, and key men from the industry to represent these divisions of the trade: pork, beef, lamb, veal, mutton and canned meat.

"In addition to black markets and attendant maldistribution of civilian supplies, the OPA and the Food Administration cited these factors as important reasons for the new War Meat Board:

"1. Wide decentralization of the industry adds to the complexities of adequate Government controls.

"2. Wide seasonal and sectional variations in movement of livestock to markets and equally wide variations in demand further complicate meat management.

"3. The perishability of meat necessitates a flexible and active administrative control.

"4. Imposition of war-time regulations has produced a price 'squeeze' on slaughterers and has led to difficulty even in procuring requirements for the armed forces and lend-lease.

May Reduce War Bond Size

Plans are under consideration by the Treasury Department to reduce the size of the War bonds to save paper and shipping space and speed up production, according to the Associated Press. Officials of various government agencies have been asked for their opinion on the proposal, but no decision has been reached, the advices said. One proposal was reported to call for the bonds to be reduced to the size of the old dollar bill. That was 3¼ by 7½ inches. The present bond is 7¾ by 8½.

April Living Cost Up In 60 Industrial Cities

The cost of living for wage earners and lower-salaried clerical workers in April rose in 60 of 62 cities surveyed by the National Industrial Conference Board. The largest advance, 2.4% according to the Board, was shown in New Orleans, but there was a rise of 2.0% or more in Baltimore, Birmingham and Newark, and an increase of 1.0% or more in 32 other cities. For the United States as a whole, the cost of living rose 1.0%. The Board's advices June 7 further said:

"Living costs were higher this April than in April, 1942 in all cities for which comparable figures are available. San Francisco recorded the largest increase during the twelve-month period with an advance of 10.8%. The smallest was shown in Akron, where it rose only 4.4%. The cost of living for the United States as a whole stands 7.1% higher than a year ago, and 20.9% above January, 1941.

"The Board's cost of living indexes have been revised to take into account the changes in buying habits resulting from rationing and war shortages."

Revenue Freight Car Loadings During Week Ended May 29, 1943 Increased 9,184 Cars

Loading of revenue freight for the week ended May 29, 1943 totaled 852,518 cars, the Association of American Railroads announced on June 4. This was an increase above the corresponding week of 1942 of 56,897 cars, or 7.2%, and an increase above the same week in 1941, of 50,735 cars or 6.3%. Both 1942 and 1941 included holiday.

Loading of revenue freight for the week of May 29 increased 9,184 cars, or 1.1% above the preceding week.

Miscellaneous freight loading totaled 382,797 cars, an increase of 2,019 cars above the preceding week, and an increase of 19,025 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 98,375 cars, an increase of 1,564 cars above the preceding week, and an increase of 11,404 cars above the corresponding week in 1942.

Coal loading amounted to 172,431 cars, an increase of 5,784 cars above the preceding week, and an increase of 14,616 cars above the corresponding week in 1942.

Grain and grain products loading totaled 43,402 cars, an increase of 461 cars above the preceding week, and an increase of 10,533 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of May 29 totaled 28,986 cars, an increase of 1,128 cars above the preceding week and an increase of 8,574 cars above the corresponding week in 1942.

Live stock loading amounted to 13,564 cars, an increase of 251 cars above the preceding week, and an increase of 1,797 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of May 29, totaled 9,657 cars, a decrease of 8 cars below the preceding week, but an increase of 869 cars above the corresponding week in 1942.

Forest products loading totaled 44,133 cars, a decrease of 454 cars below the preceding week and a decrease of 1,544 cars below the corresponding week in 1942.

Ore loading amounted to 82,904 cars, a decrease of 1,085 cars below the preceding week and a decrease of 24 cars below the corresponding week in 1942.

Coke loading amounted to 14,912 cars, an increase of 644 cars above the preceding week, and an increase of 1,090 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Southern and Southwestern and all districts reported increases above the corresponding week in 1941.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
Week of May 1	788,783	858,911	794,299
Week of May 8	816,551	839,286	837,149
Week of May 15	848,522	839,054	860,802
Week of May 22	843,334	837,676	866,027
Week of May 29	852,518	795,621	801,783
Total	16,945,876	17,677,746	16,340,675

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 29, 1943. During this period 81 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 29

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	266	406	641	1,370	1,270
Bangor & Aroostook	842	1,669	1,578	290	247
Boston & Maine	6,281	5,943	7,942	13,614	14,402
Chicago, Indianapolis & Louisville	1,425	1,500	1,286	2,060	2,173
Central Indiana	42	35	16	33	60
Central Vermont	1,076	806	1,418	2,511	2,072
Delaware & Hudson	6,470	4,243	6,068	12,238	9,707
Delaware, Lackawanna & Western	8,117	7,304	9,557	11,566	9,709
Detroit & Mackinac	376	302	295	82	123
Detroit, Toledo & Ironton	1,762	1,652	2,654	1,538	1,110
Detroit & Toledo Shore Line	278	282	320	2,685	2,481
Erie	13,080	11,475	14,091	19,787	17,493
Grand Trunk Western	3,975	3,958	5,512	7,747	7,380
Lehigh & Hudson River	206	198	203	2,598	4,758
Lehigh & New England	2,240	1,330	1,925	1,695	2,131
Lehigh Valley	8,905	7,042	9,264	13,870	10,748
Maine Central	2,243	2,108	2,998	2,020	3,204
Monongahela	6,493	5,952	5,701	424	310
Montour	2,559	2,409	2,167	50	55
New York Central Lines	50,441	45,588	45,944	57,978	54,035
N. Y., N. H. & Hartford	10,228	9,028	10,441	18,173	21,170
New York, Ontario & Western	1,420	652	1,046	2,451	1,727
New York, Chicago & St. Louis	7,749	6,961	5,795	15,097	15,266
N. Y., Susquehanna & Western	536	435	410	2,668	1,072
Pittsburgh & Lake Erie	7,933	8,125	8,406	10,174	9,359
Pere Marquette	5,223	5,178	6,297	7,279	6,006
Pittsburg & Shawmut	1,059	712	632	9	19
Pittsburg, Shawmut & North	392	380	393	256	261
Pittsburgh & West Virginia	1,175	1,005	1,255	3,997	3,292
Rutland	352	335	489	1,016	888
Wabash	5,510	4,681	5,236	12,331	13,587
Wheeling & Lake Erie	6,425	5,406	4,968	4,891	4,636
Total	165,079	147,100	164,948	232,498	220,751
Allegheny District—					
Akron, Canton & Youngstown	760	654	684	1,098	1,030
Baltimore & Ohio	43,347	36,697	37,882	30,419	26,080
Bessemer & Lake Erie	6,587	7,789	6,435	2,019	2,366
Buffalo Creek & Gauley	288	322	285	2	5
Cambria & Indiana	1,884	2,022	1,803	7	11
Central R. R. of New Jersey	7,276	6,340	7,605	20,728	18,223
Cornwall	674	642	718	61	54
Cumberland & Pennsylvania	312	267	290	10	29
Ligonier Valley	162	125	70	40	33
Long Island	1,121	821	768	3,911	3,021
Penn-Reading Seashore Lines	1,817	1,443	1,542	3,052	2,426
Pennsylvania System	86,228	80,046	80,776	70,524	63,889
Reading Co.	15,596	12,171	16,597	28,476	29,497
Union (Pittsburgh)	21,302	21,609	20,590	7,403	8,574
Western Maryland	4,461	3,926	3,904	11,988	12,490
Total	191,815	174,874	179,949	179,738	167,728
Pocahontas District—					
Chesapeake & Ohio	30,366	29,295	27,834	15,166	13,847
Norfolk & Western	23,081	23,638	23,777	7,019	6,891
Virginian	4,987	4,661	4,662	2,104	2,406
Total	58,434	57,594	56,273	24,289	23,144

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Southern District—					
Alabama, Tennessee & Northern	268	387	331	314	337
Atl. & W. P.—W. R. R. of Ala	622	722	796	2,824	2,365
Atlanta, Birmingham & Coast	733	852	772	1,135	1,090
Atlantic Coast Line	12,563	13,056	11,317	10,204	8,442
Central of Georgia	4,076	3,696	4,425	5,355	4,186
Charleston & Western Carolina	462	477	614	1,885	1,526
Clinchfield	1,608	1,673	1,739	2,847	2,801
Columbus & Greenville	333	341	466	163	205
Durham & Southern	99	186	176	723	1,246
Florida East Coast	2,201	1,214	647	1,888	850
Gainesville Midland	40	33	50	90	117
Georgia	1,235	1,335	1,309	3,146	2,944
Georgia & Florida	343	334	392	544	486
Gulf, Mobile & Ohio	3,758	4,222	3,872	4,847	4,236
Illinois Central System	27,112	28,609	22,097	22,826	18,247
Louisville & Nashville	26,692	27,483	24,949	13,131	9,654
Macon, Dublin & Savannah	170	128	194	792	687
Mississippi Central	219	145	178	453	450
Nashville, Chattanooga & St. L.	3,332	3,844	3,359	5,057	4,052
Norfolk Southern	1,181	1,123	1,171	1,784	1,834
Piedmont Northern	364	360	494	1,197	1,295
Richmond, Fred. & Potomac	413	473	397	12,401	10,887
Seaboard Air Line	10,574	9,146	10,745	8,150	7,010
Southern System	21,501	23,943	25,393	25,993	22,622
Tennessee Central	686	676	556	875	1,210
Winston-Salem Southbound	125	100	154	880	893
Total	120,710	124,558	116,593	129,504	109,672
Northwestern District—					
Chicago & North Western	19,309	19,418	20,913	13,032	12,189
Chicago Great Western	2,751	2,151	2,538	3,180	3,179
Chicago, Milw., St. P. & Pac.	21,491	17,580	19,199	11,540	9,414
Chicago, St. Paul, Minn. & Omaha	3,308	3,316	3,864	3,758	3,820
Duluth, Missabe & Iron Range	27,141	28,064	23,783	237	348
Duluth, South Shore & Atlantic	1,014	790	1,115	524	474
Elgin, Joliet & Eastern	8,577	10,571	10,381	10,821	10,743
Ft. Dodge, Des Moines & South	452	511	531	105	132
Great Northern	24,643	20,028	20,791	6,911	3,836
Green Bay & Western	432	529	549	847	677
Lake Superior & Ishpeming	2,514	2,923	3,323	108	49
Minneapolis & St. Louis	1,695	1,769	1,771	2,161	2,169
Minn., St. Paul & S. S. M.	6,413	6,057	6,983	2,923	2,478
Spokane International	10,452	8,858	8,245	5,643	3,921
Northern Pacific	175	138	243	597	442
Spokane, Portland & Seattle	2,689	1,984	2,274	3,495	2,797
Total	133,056	124,687	126,503	65,882	56,668
Central Western District—					
Atch., Top. & Santa Fe System	23,298	21,660	21,319	13,001	10,548
Alton	2,770	2,950	3,142	6,569	4,348
Bingham & Garfield	472	748	606	110	130
Chicago, Burlington & Quincy	17,404	13,495	14,984	11,798	8,978
Chicago & Illinois Midland	3,173	2,564	2,640	491	939
Chicago, Rock Island & Pacific	12,192	10,622	12,283	13,501	11,863
Chicago & Eastern Illinois	2,489	2,129	2,427	5,922	3,293
Colorado & Southern	731	675	559	2,002	1,798
Denver & Rio Grande Western	3,429	2,618	2,046	6,204	4,777
Denver & Salt Lake	649	566	175	14	21
Fort Worth & Denver City	768	1,205	1,399	2,586	1,307
Illinois Terminal	1,465	1,852	1,778	1,350	2,336
Missouri-Illinois	*	1,081	985	*	432
Nevada Northern	2,109	2,034	2,039	121	125
North Western Pacific	1,096	862	782	720	488
Peoria & Pekin Union	0	5	12	0	0
Southern Pacific (Pacific)	32,648	25,446	25,874	14,140	8,980
Toledo, Peoria & Western	326	249	348	1,990	1,519
Union Pacific System	13,050	11,083	12,388	16,602	13,104
Utah	554	483	241	5	2
Western Pacific	2,273	1,524	1,571	3,528	2,269
Total	120,896	103,851	107,598	100,654	77,257
Southwestern District—					
Burlington-Rock Island	867	151	173	723	166
Gulf Coast Lines	3,399	4,525	2,738	2,606	2,364
International-Great Northern	3,399	2,966	1,844	3,529	2,269
Kansas, Oklahoma & Gulf	208	378	229	210	1,346
Kansas City Southern	4,866	5,512	2,332	1,696	2,785
Louisiana & Arkansas	3,838	4,136	2,074	3,216	2,359
Litchfield & Madison	381	332	259	1,162	1,057
Midland Valley	243	756	429	229	214
Missouri & Arkansas	125	119	155	311	321
Missouri-Kansas-Texas Lines	4,927	4,352	4,198	3,208	3,551
Missouri Pacific	11,509	14,274	13,600	20,277	15,119
Quanah Acme & Pacific	58	101	104	173	251
St. Louis-San Francisco	7,765	8,445	7,867	12,681	7,863
St. Louis Southwestern	3,040	2,715	2,380	6,135	5,896
Texas & New Orleans	12,939	9,830	7,486	4,510	4,511
Texas & Pacific	4,854	4,180	3,862	9,223	5,499
Wichita Falls & Southern	85	155	176	44	52
Weatherford M. W. & N. W.	25	30	13	8	19
Total	62,528	62,957	49,919	69,941	55,642

*Figures not available on account of flood conditions.
Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147,085	454,308	94	88
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151,308	150,504	545,673	95	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Cotton Spinning For April, 1943

The Bureau of the Census announced on May 20 that according to preliminary figures, 23,482,702 cotton spinning spindles were in place in the United States on April 30, 1943 of which 22,893,630 were operated at some time during the month, compared with 22,925,194 for March, 22,859,160 for February, 22,889,954 for January, 22,887,072 for December, 22,948,248 for November, and 23,102,176 for April 1942. The aggregate number of active spindle hours reported for the month was 10,927,082,107. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during April 1943 at 133.2% capacity. This percentage compares, on the same basis, with 134.4 for March, 135.9 for February, 138.8 for January, 127.9 for December, 133.4 for November, and 135.2 for April 1942. The average number of active spindle hours per spindle in place for the month was 465.

April Cotton Consumption

Under date of May 14, 1943, the Census Bureau at Washington issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles in the month of April.

In the month of April, 1943, cotton consumed amounted to 938,989 bales of lint and 105,475 bales of linters, as compared with 995,512 bales of lint and 108,851 bales of linters in March, 1943, and 999,749 bales of lint and 130,929 bales of linters in April, 1942.

For the nine months ending with April 30 cotton consumption was 8,440,411 bales of lint and 998,128 bales of linters against 8,250,167 bales of lint and 1,106,838 bales of linters in the same nine months a year ago.

There were 2,420,737 bales of lint and 479,680 bales of linters on hand in consuming establishments on April 30, 1943, which compares with 2,488,771 bales of lint and 476,480 bales of linters on March 31, 1943 and with 2,631,016 bales of lint and 537,283 bales of linters on March 31, 1942.

On hand in public storage and at compresses on April 30, 1943, there were 10,596,445 bales of lint and 79,232 bales of linters, and 11,469,546 bales of lint and 97,538 bales of linters on March 31, 1943, and 10,490,811 bales of lint and 173,182 bales of linters on April 30, 1942.

There were 22,893,630 cotton spindles active during April, 1943, which compares with 22,925,194 active cotton spindles during March, 1943, and with 23,102,176 active cotton spindles during April, 1942.

Lumber Movement—Week Ended May 29, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 451 mills reporting to the National Lumber Trade Barometer exceeded production of 5.6% for the week ended May 29, 1943. In the same week new orders of these mills were 0.9% less than production. Unfilled order files in the reporting mills amounted to 103% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 13.6%; orders by 16.6%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 24.7% greater; shipments were 34.2 greater, and orders were 31.0 greater.

Items About Banks, Trust Companies

Dr. Herman L. Reis, President of West Side Federal Savings and Loan Association, New York City, has been elected President of Group Seven of the New York State League of Savings and Loan Associations. This group is comprised of savings and loan associations in Westchester County, the Bronx, Manhattan and Richmond.

William L. DeBost, President of the Union Dime Savings Bank, New York City, announces that beginning July 1 dividends or interest on accounts will be credited semi-annually—Jan. 1 and July 1. For some years the Union Dime Savings Bank has been on a quarterly dividend basis, allowing interest from the day of deposit to the end of each quarter.

In explaining this new policy, the announcement stated:

"After July 1, however, interest will be computed from the first of each calendar quarter—Oct. 1, Jan. 1, April 1 and July 1—but will be cedited semi-annually Jan. 1 and July 1. Deposits made during the first five business days of July or January, and remaining on deposits to the end of the dividend period, will be entitled to a full six months' interest. Deposits made after the fifth business day of July or January and before the close of the third business day of October or April, respectively, and remaining on deposit to the end of the period, will draw three months' interest.—For example, after July 1, interest no longer will be allowed from the day of deposit, but all money deposited on or before the fifth business day of July and still on deposit on Dec. 31 will be entitled to six months' interest. However, deposits made after the fifth business day of July and on or before the third business day of October, and still on deposit on Dec. 31, will be entitled to three months' interest.

"The dividend to be credited June 30 will be for the quarterly period April 1 to June 30, and computed from the day of deposit to the end of the quarter. The rate is what it has been for some time—2% per annum on the first $1,000 and 1½% per annum on amounts in excess of $1,000."

The Bankers Federal Savings and Loan Association, New York City, announced on June 5 the election of James J. Ga Nun and J. G. C. McNair to the board of directors. Mr. Ga Nun is a Second Vice President of the Chase National Bank and Mr. McNair is manager of the Atlantic branch of the National Lead Co.

The National City Safe Deposit Co., New York City, has made application to the State Banking Department for permission to open a branch office at 108-110 Hudson St., conditioned upon the discontinuance of the branch now maintained at 105 Hudson St.

Liquidation of the International-Madison Bank and Trust Co., New York City, has been completed with the payment of a final dividend of $106,000, it is announced by Elliott V. Bell, State Superintendent of Banks. The final payment of 2⅜% of the depositors' claims brought the total dividends to $3,592,900, or 76⅝% of the liability when the bank failed in August, 1931.

Carl A. Koelsch, Vice President and senior Trustee of the Empire City Savings Bank, New York City, died on June 3 at his home in New York City at the age of 76. Mr. Koelsch was a retired food merchant. He had been a trustee of the Empire City Savings Bank for over 25 years and had served as Vice President since 1932.

Francis J. McDonough, a Director of the New York Board of Trade and the South Brooklyn Savings and Loan Association, died on May 31 at his home in Brooklyn. He was 54 years old. Mr. McDonough was President of the New York Quinine and Chemical Works, Brooklyn, and was head of the Drug and Chemical Club of New York.

Arthur C. Hoyt, President of the First National Bank of Pleasantville, N. Y., and Andrew Wilson, Jr., President of the County Trust Co. of White Plains, announce that, subject to formal approval by the State and Federal banking authorities, it is expected that the First National Bank of Pleasantville will shortly be consolidated with the Pleasantville Office of the County Trust Company. Under the terms of the proposed arrangement, The County Trust Company will acquire the assets and assume responsibility for all of the deposits of The First National Bank of Pleasantville.

According to the present plan, the combined banking operations will be carried on by the County Trust Co. in the present quarters of the First National Bank. Customers and other friends will be interested to know that there will be no interruption in the service now being rendered by either bank and that no change in personnel is in contemplation. The Boards of Directors of both institutions have aproved the terms of the proposed consolidation and the stockholders of the First National Bank will be asked to give their aproval at a meeting to be held on July 2. Mr. Hoyt stated:

"Officials and others connected with both banks, have come to the conclusion that, while both banking institutions are reported to be in excellent condition and have been doing well, the needs of the community do not require the services of two banks and can best be served by taking advantage of the opportunity to consolidate on a basis which is eminently fair to all concerned."

"The move when completed will enable the County Trust Co. to broaden its service to Pleasantville and the surrounding territory and I am assured that it is their intention to continue the friendly relations which The First National Bank has always maintained."

It is anticipated that some of the directors of The First National Bank will become members of the Board of Directors of the County Trust Co. and, in keeping with the policy of the latter institution, a number of those now connected with the National Bank will be invited to serve as members of the Advisory Committee for the Pleasantville Office to retain the benefit of their experience and knowledge of local conditions and to insure the promotion of sound banking service for the community.

The County Trust Co. was organized in 1903 and is celebrating its 40th anniversary this month. In addition to its Pleasantville office, the trust company maintains offices at White Plains, Scarsdale, Hartsdale, Mamaroneck and Hastings-on-Hudson. According to figures published March 31, 1943, the County Trust Co. showed deposits of $26 223,334; capital, surplus and undivided profits of $1,-886.586; reserve for contingencies of $117,391 and total assets of $28,-227,311.

The First National Bank of Pleasantville, as of Dec. 31, 1942, had total assets of $2,212,754 and deposits of $1,884,895. Its capital, surplus and undivided profits were $327,859.

George W. Arnett, President of the Trenton Savings Fund Society, has been elected President of the New Jersey Savings Bank Association.

John W. Kress Vice President of the Howard Savings Institution of Newark, has been made First Vice President of the Association, and Thomas A. Loughlin, Secretary and Treasurer of the United States Savings Bank of Newark, has been made Second Vice President.

W. Frank D. Herron, Vice-President of the Union Trust Co. of the District of Columbia, died on May 21.

The Citizens State Bank of South Haven and the First State Bank of South Haven, both of South Haven, Mich., and both State member banks of the Federal Reserve System, have consolidated under the charter of the former institution, it is announced by the Board of Governors of the Federal Reserve System. In connection with the consolidation, the title was changed to Bank of South Haven.

Banks Urged Not To Lessen Advertising Efforts During War

In its new manual, "Publicity and Public Relations for the Average Bank," the New York State Bankers Association points out that banks should not lessen their advertising and public relations efforts during the war, but should instead use present conditions as a foundation for building good will that will endure after the war is over.

The manual points out that new acquaintances banks are making through Government security sales, ration banking, financing war industry and food production, and other emergency activities, can be converted into permanent customers if sound public relations, publicity, and advertising programs are put into action and kept in action. The manual says:

"Once the bank has established in the public mind the highly desirable attitudes of respect, friendship, loyalty, and pride, it is fairly easy to crystallize these attitudes into definite habits of patronage. No bank, however, can hope to accomplish this merely by shaping its conduct in what it deems to be an admirable pattern and then trusting that the people will arrive at the conclusions the bank management wishes them to reach. To be successful, a program of publicity and public relations must be undertaken with definite objectives in view and with a determination not only to carry out the program completely but also to make it intelligible and interesting to the people."

The manual stresses the importance in the smaller bank of delegation of responsibility for public relations to an individual officer. Because of its importance, it is pointed out, the job is one which should be entrusted "to the highest ranking person that has the ability to fulfill it. If he happens to be the President, so much the better."

Other subjects discussed include display advertising, direct mail, telling it in the news columns, radio advertising and publicity, public speaking, visual appeals, and various phases of employee-customer-public relations. Also included is a special section on agricultural public relations and a list of publicity and public relations books which should be in every bank library.

The publication contains 44 pages and sells for $1. Copies are available from The State Bankers Association, 33 Liberty St., New York City.

Uniform European Currency Would Eliminate Chief Cause Of War, Dr. Haensel Declares

Dr. Paul Haensel, Professor of Economics at Northwestern University, advocated on June 7, the adoption of a uniform European currency, abolition of all trade barriers and customs tariffs within Europe and permission for any European citizen to emigrate to any country on the continent to work, as the best methods of eliminating the chief causes of Europe's wars. Reporting this, United Press advices from Evanston, Ill., on June 7 also stated:

"The Allies must recognize," he said, "that no matter what nations or boundaries are restored or created, the Europe of the future must not be divided into separate economic units.

"After the war Europe will have most of her industry destroyed or worn out and her former economic relations uprooted. A new life will begin and it must be based upon the principle of free trade between all nations on the European continent outside of Russia. Russia would be excluded from this condition since it would be incompatible with her fundamental economic system."

In foreign trade with other countries the European nations must adopt the policy of low tariffs, not over 20% ad valorem, Mr. Haensel stressed.

Pa. Bank Board Cuts Legal Reserve Fund

Under date of June 2, Harrisburg advices to the Philadelphia "Inquirer" said:

Acting under a new law approved 10 days ago by Governor Martin, State Banking Board today fixed at 10% of total of demand deposits and liabilities and 6% of total of time deposits, amount of legal reserve fund all State banking institutions, except savings bank, must establish and maintain. Previous requirements were 15 and 7½%, respectively.

The board raised from 33⅓ to 40% that portion of total reserve fund which may be invested in U. S. Government, State and municipal securities, while balance of required reserve must be composed of actual cash on hand, or balances due from approved legal reserve agents.

The board made no change in amount of reserve fund which every savings bank must carry and continued present rate of 7½% of total deposits, minimum rate permitted under existing law.

William C. Freeman, banking secretary, said new law provides "a highly flexible and speedy method" for expanding or contracting the amount and the composition of the required legal reserve funds of State banking institutions.

He also pointed out that the statute suspends reserve requirements on war loan deposit accounts for duration of the war, thereby granting the same exemption granted to national banks and members of Federal Reserve System two months ago.

Lend-Lease Funds Voted

The Senate approved on June 3 and returned to the House a $6,-273,629,000 supplemental lend-lease appropriation bill, which will bring direct appropriations for that purpose to nearly $25.-000,000,000.

Senator Hill (Dem., Ala.) Acting Majority Leader, told the Senate that Edward R. Stettinius, Jr., Lend-Lease Administrator, had urged prompt action on the measure in view of the fact that "certain arrangements of the highest importance with Russia cannot be made or concluded until the bill is passed."

The measure was returned to the House for action on a Senate amendment. Original House passage of the $6,000,000,000 appropriation was noted in our issue of May 27, page 1978.

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Editor's Note—Following items appeared in the "Chronicle" of June 7, on pages indicated: